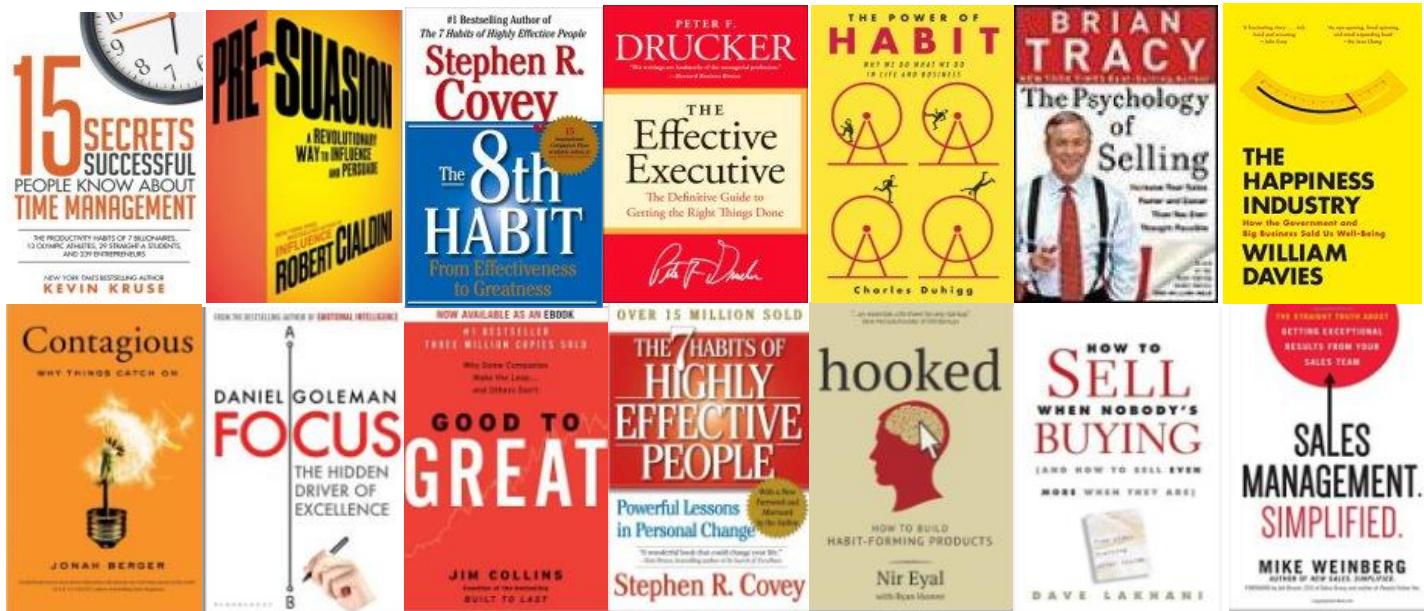
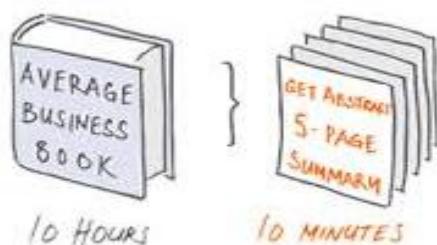


# The world of business summarized.

## Summaries of the 40 best business books

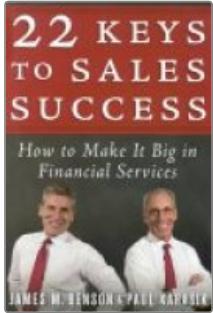


Business Book Summaries get up to speed on critical business knowledge in a flash! We summarize the latest and most relevant business books, and we compress the information from each title into just five pages. Learn the key points of a book in just 10 minutes. From finance and management to sales and careers, you'll never miss a trend.



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Book

## 22 Keys to Sales Success

How to Make It Big in Financial Services

James M. Benson and Paul Karasik

Bloomberg Press, 2004

[Buy the book](#)

Selling financial services is not about product benefits; it's about long-term, mutually beneficial client relationships.

### Rating ?

**8**

9 Applicability

5 Innovation

7 Style

### Recommendation

Selling is not about pushing products any more. Pitches or sales gimmicks do not persuade the contemporary cynical, savvy consumer. In today's world, successful financial services and product sales professionals must build mutually beneficial relationships with their clients based on trust and respect. Authors James M. Benson and Paul Karasik use their experience and accomplishments in finance and insurance to identify 22 key sales strategies that anyone can use, including sales professionals in other industries. Much of the advice, for good or ill, is not specific to the area of financial services. Each chapter explains a tried-and-true, applicable sales strategy in an easy-to-understand format. You've heard some of these strategies before, but others will provide new fuel to energize your approach to sales. Each strategy makes sense and *getAbstract.com* recommends this book to everyone who sells financial products, whether you are a weathered sales veteran or a novice who is still finding your way.

### In this summary, you will learn

- How to use 22 different strategies to sell financial products and services
- How to focus your efforts on building relationships rather than pitching products
- How to change customers into clients

### Take-Aways

- Traditional sales methods no longer work with financial products and services.
- The only way to be successful is to build relationships with your clients.
- A customer will buy from you once; a client is someone with whom you have a relationship that will be mutually beneficial over time.
- Get to know your clients and let them get to know, respect and trust you.
- When you totally believe in your product, your clients will respond emotionally.
- People make purchases based on emotions and supported by logic.

- Provide prospects with reasons to say yes, but walk away from situations where the sale is unattainable.
- Develop marketing systems that reflect your strengths and personality. Use what works repeatedly, fine tuning it every so often.
- Generate additional business from existing clients by thinking of new opportunities to serve them. Don't hesitate to ask for referrals.
- Be your own coach, motivator and manager. Avoid burnout by breaking your old patterns and replacing them with positive new activities.

## Summary

### The Inspiration

Today's financial services industry has little in common with the financial services industry of years past. Everything has changed, from the way financial products and services are distributed to how they are marketed and sold. Traditional selling techniques, which were oriented toward product benefits, are mostly obsolete. The only way to succeed in today's financial arena is to build client relationships that are based on trust. You can use 22 specific tactics to succeed as a financial services salesperson in this environment. They are:

#### **Key 1: "Take Control of the Sale"**

Do not let a prospect's fear or assertiveness influence the direction and flow of your selling process. Anticipate the prospect's preoccupation with receiving a personal payoff. Although your sale will not rest upon the features and benefits of your products, those factors are important. But to close deals, you want to control the prospect's emotional reactions. Fear is the emotion that most often blocks sales. People are reluctant to commit to a decision because they are afraid to initiate change, give up control or make mistakes.

#### **Key 2: "Focus on Clients, Not Compensation"**

A world of difference separates a "client" from a "customer." A customer is someone who buys a product or service, but who does not represent any potential for developing future sales. A client, however, is someone with whom you build an enduring relationship that generates business. By adding one new client per week to your business, you can create a practice that will flourish over time. Remember, a customer might provide a quick sale, but you can rely on your clients for long-term gain.

#### **Key 3: "Position with Mission"**

Many easily accessible and similar financial products are available, so it is terribly difficult to differentiate your offerings based on product benefits alone. Yet, positioning your financial services practice as unique is very important. Begin by creating a mission statement that succinctly explains the compelling reasons why a client would prefer to conduct business with you. Publish your mission statement on your Web site and use it in all of your communications. Develop a "one-minute positioning statement" - that is - a concise, brief explanation of what you do.

#### **Key 4: "Go Long and Deep"**

Choose a target market and then focus your marketing efforts on that sector. Look for a market that is mainly untapped, is accessible, and has enough potential clients and resources. Do everything possible to get involved with that market. Become a member of a relevant professional association, write articles for its

*"Today, establishing trust and building relationships with clients have become not only a priority, but a necessity for long-term marketing success."*

*"If you can find out what drives your prospects - what their needs, fears and concerns are, and what's important to them - you will be creating a relationship, as opposed to making a product pitch."*

*"The secret to having a true competitive edge in today's marketplace is to exceed client expectations."*

publications, speak at its group meetings and host client events. Consider setting up your own "client advisory board" made up of members of your target market and nurture it as a resource for guidance and referrals.

#### **Key 5: "You've Got to Believe"**

You must believe in your products with every fiber of your being. When you are passionate about your products, your prospects will respond and you will connect. Be sure to emphasize the emotional benefits of your merchandise. In other words, you aren't selling life insurance; you're protecting a person's family. Remember, logic doesn't drive sales, but emotions do.

*"Customers have no loyalty because there is no relationship."*

#### **Key 6: "Don't Be Afraid to Walk Away"**

To achieve a high rate of sales, using your time wisely is crucial. Save time by qualifying or identifying prospects who truly need your services and who have the ability to make purchases. Qualify prospects by recognizing those who have used your products previously. Select decision makers who are ready to move forward. Most of all, if you realize you are wasting valuable time in a bad situation, turn and walk away.

*"You can give your income a real boost by engaging in a simple yet dynamic process: creating plans to do more business with every client."*

#### **Key 7: "Give Them Something to Say 'Yes' To"**

Include "easy yes questions" (EYQ) in every proposal to move the sales process forward positively. Examples of EYQ include: "Do you want me to reduce your taxes?", "Do you want to contribute to your child's education?" and "Do you want the security of guaranteed income in your later years?" The "six-point proposal system" is a wonderful tool for producing purchase agreements. This technique enables you to distill complex ideas about your financial product into an easily digestible format. Gather the information to explain these six points: "the recommendation, the reasons, the results, the cost, the alternatives and the timetable." Now, fit this data on one sheet of paper.

#### **Key 8: "Develop a Marketing Rhythm"**

Begin by finding a marketing style you are comfortable with that works for your clients. Your method should include a personalized approach for attracting high-quality business, performing follow-up and maintaining your practice. Once you have good systems in place, use them repeatedly, fine-tuning them now and then to make improvements.

*"You make yourself a referral magnet when you spend your days helping your clients with referrals."*

#### **Key 9: "Follow the 60-20-20 Rule"**

Every salesperson experiences plateaus and slumps. That's when the "60-20-20 Rule" comes in handy. Continue to use your current sales systems 60% of the time. Spend another 20% of your time conducting research about relevant new developments in technology, marketing and sales techniques. Then, use the remaining 20% of your time applying and testing the new ideas and concepts you've learned.

#### **Key 10: "Automate Your Sales Process"**

Use the latest technology to organize every aspect of your sales systems to enhance your productivity. Many wonderful and relatively inexpensive "contact management software programs" are now available. Select one you like and use it to record client information, track sales activity, retain notes of conversations and generate phone call reminders.

*"Easy access and the similarity of financial products and services have leveled the playing field."*

#### **Key 11: "Open the Johari Window"**

The "Johari Window" is a business model that illustrates the dynamics of productive, cohesive relationships. It calls for, first, opening yourself up to your prospects by sharing your thoughts, experiences and feelings. Then, it says, show curiosity about your clients and listen when they open up to you. Apply these basic principles to build long-term relationships that translate into more sales and increased client retention.

**Key 12: "Market Yourself as the Expert"**

You are not just a salesperson hawking financial products and services. You are offering knowledge and experience that is extremely valuable to your clients. When you provide solutions based on your expertise, you are engaging in "consultative selling." Be proactive about demonstrating your expertise by writing for trade publications or newspapers, establishing yourself as a media source, sending press releases to related media outlets and producing a brochure that highlights your successes.

*"Today, only Wal-Mart sells on price effectively."*

*"Time is irreplaceable, and it is your most valuable resource. Don't throw it away on insincere, disrespectful prospects."*

*"It's up to you to motivate yourself. No sales manager or motivational speaker can motivate you."*

*"It's a heck of a lot easier to make money by having what people want than by selling people what you have."*

**Key 13: "Generate New Business with Existing Clients"**

Your existing clients are your very best source for additional income. Therefore, it is meaningful and important to evaluate each client's needs periodically and to ascertain new ways to assist each individual. Once you identify an opportunity, create a marketing plan to present to your client. Remember, ideally, you will generate 80% of your sales from clients who already trust you with their business.

**Key 14: "Master the Art of Communication"**

To be an effective financial salesperson, you must become proficient in three basic communication skills: "questioning, listening and presenting." Unlike other types of sales that rely on product demonstrations, financial service sales depend on sophisticated communication methods. Learn how to ask the right questions and then pay close attention to the answers. Follow the "80/20 Rule:" allow the prospect to talk for 80% of your time together.

**Key 15: "Demand Objections"**

Objections are actually good. They prove that your clients are participating in the sales process. Objections help you identify the concerns that keep clients from buying. Anticipating objections and addressing them early in the sales process is critical. It's even more important to ask questions that expose any pending objections so you can get the client to discuss them. Listen carefully to your clients' concerns, do not dispute their viewpoints and have prepared responses ready.

**Key 16: "Always Be Closing"**

Approach every sale with a closing mindset. As stressed in the fifth key, believe in yourself and your product. When you spend more of your time building relationships, you will spend less time asking for orders. Closing deals becomes simply a matter of timing. If you have built relationships on the twin foundations of trust and respect, closings will take care of themselves.

**Key 17: "Be Your Own Sales Manager"**

Seek methods and techniques that will help you to improve your bottom line. Maintain an attitude of inquisitiveness and remain open to new ideas and approaches. "Monitor, measure and evaluate" the results you obtain from every aspect of your sales process.

**Key 18: "Cultivate Your Referrals"**

Referrals are the most effective way to generate new business. Many financial sales professionals hesitate to ask for referrals because they are afraid that they will appear greedy or, perhaps, impose on a client. But more than half of financial services business originates from referrals. To gain referrals, make sure your work is of the highest caliber. Whenever possible, refer your friends and associates to your clients. Lastly, make sure every referral is a "hot referral." A hot referral differs from a cold call in that your client speaks to the prospect before you initiate contact.

**Key 19: "Create Your Compelling Vision"**

Identify and clarify your principles, standards and deep beliefs. Then, use these values as a roadmap to guide your professional life. This vision will keep you on track toward fulfilling your personal and business goals. Use this compelling vision as a source of motivation and inspiration that you can draw from every day.

*"Selling is not the place to get your needs met. It is the place for you to meet the needs of your potential client and for you to then go to the bank with the results."*

*"Sales are made for emotional reasons and justified with logic."*

#### **Key 20: "Close More Sales with Scripting"**

Scripts help you remain consistent and organize your selling process. Scripts provide you with the "magic words" you need to close. The three elements of scripting are "memorized modules, flexibility and personalization." Some sales professionals are reluctant to use scripts because they feel they won't sound spontaneous. But the majority of sales experts agree that scripts are liberating because you don't have to try out a new pitch with every new prospect.

#### **Key 21: "Make Them Love You"**

Today, the "features-benefit model" of selling is a thing of the past. And, you can't compete on service, because consumers now have a high expectation of excellent service anyway. Therefore, you consistently must deliver more than customers expect, before the sale and afterward. Review your client list and develop "value plans" tailored to each person. Loyal clients are clients who love you and relish the extra attention you give them.

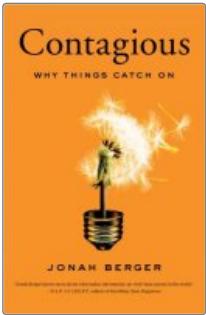
#### **Key 22: "Energize Your Success"**

Selling requires extraordinary amounts of time and energy, so burnout is an occupational hazard. Avoid it by being aware of your energy level and taking action when it becomes depleted. Seek sources of positive energy. Break old patterns and replace them with positive fresh activities. You might consider a range of new possibilities, from yoga, meditation and fitness training, to classes, singing lessons or just watching the sunset.

## About the Authors

**James M. Benson** sold financial products and services for many years. He is president and CEO of the John Hancock Life Insurance Company, where he formerly headed the sales and marketing division. Management consultant **Paul Karasik** trains financial professionals. His previous books include *Sweet Persuasion* and *How to Market to High-Net-Worth Households*. He is a columnist for *On Wall Street* magazine.

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Book

## Contagious

Why Things Catch On

Jonah Berger  
Simon & Schuster, 2013

[Buy the book](#)

Provok buzz about your product or idea by generating word of mouth (and not just tweets).

## Recommendation

If you want your product, service or cause to become the talk of the town – or the talk of the Internet – don't rely on advertising. People trust their friends' and acquaintances' opinions far more than paid promotions. The challenge is getting your offering on the tip of everyone's tongue. Marketer Jonah Berger explains why some topics blaze their way around the world while others are ignored. His solutions go beyond social media; as he says, Twitter, Tumblr and Facebook are mere tools. If you can forgive him for inventing unnecessary extra jargon (like “inner remarkability”), Berger will show you how to turn your product or cause into a topic of public conversation, a subject that everyone wants to discuss. *getAbstract* thinks this entertaining take on fueling the buzz will intrigue marketers, advertisers and sociologists alike.

## In this summary, you will learn

- What factors cause people to talk about and talk up products, ideas and services
- What six steps you can take to make your product, cause or idea catch on
- How you can narrate stories that cause people to want spread the word about your product

## Take-Aways

- To promote your product, service or idea, generate “social contagion” – voluntary, widespread word of mouth.
- Every day, people have many conversations about products and brands, 93% of which happen offline.
- Six “principles of contagion” affect whether people talk about your product:
- First, use “social currency” by making people feel influential when they discuss it.
- Second, remind people of your product, service, cause or idea with “triggers.” These hints are more effective when they are familiar.
- Third, “emotion,” whether positive or negative, can incite people to action.
- Fourth, go “public”; make sure your activities and products are highly visible.

- Fifth, provide information of “practical value” to prompt people to spread the word.
- Sixth, “stories” are the best and most effective way to convey information, because people think in narratives.
- Apply these principles to promote almost any product or endeavor at a low cost.

## Summary

*“Sharing extraordinary, novel, or entertaining stories or ads makes people seem more extraordinary, novel and entertaining.”*

*“Virality is most valuable when the brand or product benefit is integral to the story – when it’s woven so deeply into the narrative that people can’t tell the story without mentioning it.”*

*“People talk about Cheerios more than Disney World. The reason? Triggers.”*

### Hot or Not?

When a product, idea or topic becomes the newest hot talking point, it has gained “social contagion”; this is a good thing, and it can happen spontaneously. For example, a new house of worship can naturally experience a boom of interest within a community, or a pressing political cause can inspire people to get involved. But if you’re a marketer seeking ways to make your product, service or idea catch on, that fire can be much harder to ignite. Products can become trendy if they are superior to their competitors, if they cost less, or if their ads are more clever and effective. But those elements alone can’t explain why some ideas and items become contagious and others don’t.

Word of mouth – that magic surge of communication and buzz that happens when people talk with their friends, family and associates about products or brands – provides much more effective promotion than even the best or most expensive advertisement. Social influence is more convincing than a paid testimonial and it benefits from being more targeted. Usually, folks who discover a product and like it will tell other people who they think will appreciate it.

Word of mouth is ubiquitous and affordable: You don’t even need a computer or web connection to participate. Since 93% of word of mouth actually happens offline, don’t assume that using social media is an end unto itself. “Facebook and Twitter are technologies, not strategies.”

Your goal is to develop “contagious content” – viral ideas and topics that proliferate no matter who distributes them. You must understand why people talk about ideas, products or causes and how to draw that conversation to your product. To do so, put the following six “principles of contagiousness” (which follow the acronym “STEPPS”) into action:

#### 1. “Social Currency”

A product, service, cause or idea becomes social currency when talking about it makes people feel important or knowledgeable. The desire to scope out some great new restaurant before everyone else discovers it is a good example. Currency can apply to interesting, fun facts, too, if they possess “inner remarkable,” a quality that prompts consumers to share information that they believe reflects well on them.

Think about the ways in which your product may possess inner remarkable. What aspect or feature distinguishes it from the competition? How can you break “a pattern people have come to expect?” JetBlue, for example, offers spacious seating, a variety of snacks and individual video screens in an effort to provide perks that flyers don’t expect but will certainly remember.

Engage your customers or clients in a game, such as a mileage program, to keep them coming back. “Game mechanics” intrigue customers and inspire them to announce their winnings to friends who might then also become your clients. Accumulating frequent-flier miles or flashing an exclusive credit card earned with

*"By acting as reminders, triggers not only get people talking, they keep them talking. Top of mind means tip of tongue."*

*"Triggers are like little environmental reminders for related concepts and ideas."*

*"Just like inspiring things, or those that make us angry, funny content is shared because amusement is a high-arousal emotion."*

*"Sure, you can make your narrative funny, surprising or entertaining. But if people don't connect the content back to you, it's not going to help you very much."*

points makes customers feel special; such games and competitions carry social currency. Customers will take to the web to discuss their tactics and victories. Every conversation they have further promotes your product.

## **2. "Triggers"**

Triggers remind people about products, services or ideas and prompt conversation about them. You may think that consumers would talk more about, say, an exciting theme park than about a breakfast cereal, but no. Folks eat breakfast every day; they go to theme parks only now and then. Your product might be familiar or unexciting, but consumers will still discuss it and want to hear what others have to say.

People talk about products, brands and organizations frequently – on average, more than 16 times daily. Given that behavior, how do certain products end up being hotly discussed? To find out, marketers must dig deep and research what happens when word-of-mouth conversations take place. Do they occur only immediately after a trigger, or do they continue on an enduring basis? "Immediate word of mouth" happens when you use a product or have a particular experience. "Ongoing word of mouth" ensues over time. Using a product may generate immediate word of mouth, but that won't necessarily inspire the desirable ongoing buzz.

Triggers can arise unexpectedly, often in the environment surrounding your product or idea. When researchers asked voters to approve a motion to raise their sales tax from 5.0% to 5.6% to support local schools, participants were more likely to approve it if their polling station was in a public school. Such associations are the most potent tool in breeding word of mouth. Familiarity helps. For instance, Budweiser's "Wassup?" campaign was a huge success because so many people adopted the expression, a slurred version of "What's up?" Sales of Kit Kat chocolate wafer bars rose when an ad paired Kit Kats with a cup of coffee. To evaluate the potential effectiveness of a trigger, consider these factors:

- How often does the trigger happen?
- How strong is the link between the trigger and your product?
- Is the trigger part of your product's normal milieu?
- What is your geographic location? For example, an innovative cheesesteak campaign might not succeed outside Philadelphia.
- What time of year is it? Because of Halloween, orange-colored products sell better in October than in December.

## **3. "Emotion"**

People talk about subjects that stir their feelings. Topics go viral when they strike a chord and, subsequently, when people discuss them face-to-face or via social media. For example, a scientific photograph of a cough published in *The New York Times* became one of the most popular pieces the newspaper ever published in terms of how often readers forwarded it via email. People instinctively share information they find amazing or awesome.

A variety of emotions can cause people to push a topic to viral status. While amazement and awe are positive emotions, negative emotions such as anger and anxiety also motivate people to talk. A "high-arousal" emotion such as amusement provides an important impetus, but paradoxically feeling happy (or sad, for that matter) tends to dampen the impulse to share. While advertisers generally try not to evoke negative feelings, in certain instances, negative emotions can be effective – for example, in medical messages such as campaigns that encourage people to quit smoking. Whatever type of feeling you evoke, emotions usually inspire action.

#### 4. “Public”

*“The mere fact that something isn’t readily available can make people value it more and tell others to capitalize on the social currency of knowing about it or having it.”*

*“It doesn’t require a costly ad agency or millions of dollars in focus groups to get people to feel emotion.”*

*“Making something more observable makes it easier to imitate.”*

*“Observability has a huge impact on whether products and ideas catch on.”*

*“Almost every product or idea imaginable has*

This principle concerns “observability.” People who are apt to follow others’ recommendations and tastes do so more frequently when others’ preferences are visible. Steve Jobs understood this theory. He decided that the logo on an Apple laptop should not face the user, but should face the people around the user. That visibility spurred non-Apple users to consider buying Apple when they saw the logo. In psychology, this phenomenon is called “social proof.” People are inundated with information. They seek out others’ choices to guide them when they make decisions. To achieve high observability:

- **“Make the private public”** – Turn your cause into an item or event that catches people’s attention and inspires dialogue. For instance, a prostate cancer organization asks clean-shaven men to grow mustaches every November to increase awareness.
- **“Design ideas that advertise themselves”** – Incorporate a commercial into your brand. Hotmail added a tagline touting its services to every email message.
- **Employ “behavioral residue”** – Choose a campaign or tactic with a long shelf life. The Livestrong Foundation decided that bracelets would create longer-lasting cancer awareness than a single-day bike race featuring Lance Armstrong. Even the negative publicity Armstrong received for doping has not turned the public away from the foundation or its famous bracelets. The foundation showed marketing savvy by emphasizing that its spokesman’s behavior had not compromised its mission to fight cancer. This provided another narrative in Livestrong’s already potent arsenal of stories.

When you want to change negative behavior, you incur certain risks by trying to make the private public. The “Just Say No” antidrug campaign failed because it raised young people’s awareness that other teens were using drugs. This resulted in peer pressure and offered social proof of peer drug use. To avoid this unintended consequence if you campaign against a harmful behavior, emphasize a positive replacement, something beneficial your listeners could do instead.

#### 5. “Practical Value”

Information with practical applicability spreads easily by word of mouth because people enjoy helping their friends. Offer them “news others can use.” This practical information can be simple tips, such as cooking advice, and can often involve ways to determine whether a price is “a good deal.” When individuals judge bargains, they work from a mental “reference point.” For example, senior citizens who remember when movie tickets cost under \$1 are less tolerant of today’s prices than teens who grew up buying movie tickets that cost more than \$10. Retailers know that customers rely on reference points, so merchants frequently post a nonsale price next to a discounted price in their advertising to benefit from that contrast.

“Diminishing sensitivity” also can influence whether a customer perceives a good deal. A discount on an inexpensive item seems more impressive than the same discount on a pricey item. Similarly, on lower-priced items, discounts stated in percentages appear more advantageous, while on big-ticket items, discounts stated in dollars work better. This is called the “Rule of 100”: If your product sells for less than \$100, state your sale price in terms of the percentage reduction. If it’s more than \$100, discount the price in dollars. Both tactics will encourage people to buy your product and to tell their friends about it.

#### 6. “Stories”

To get consumers to notice and talk about your product, service or cause, put it in a story. Stories capture individuals’ interest and influence listeners more than advertising. When communicating naturally, people don’t exchange data as much as they share tales. For example, if you find a great bargain, you will probably describe your entire consumer experience when you recommend the deal to your friends. That’s because people tend to “think in terms of narratives.” People

*something useful about it.”*

*“People don’t think in terms of information. They think in terms of narratives. But while people focus on the story itself, information comes along for the ride.”*

readily recall stories, and those who hear interesting narratives rarely attempt to contradict them, though that is often a person’s instinctive reaction to assertions made in paid marketing campaigns.

When you create a story to increase interest in your product, make sure it’s logical. For example, the makers of Dove skin products benefited from a video that showed how unrealistic professional models look when they are costumed, made up, coiffed and airbrushed. The video underscored a preference for natural, clean skin. Strive to give your product, service or idea “valuable virality” – that is, a core significance that generates narrative meaning.

Stories should be unadorned. As people transmit stories to one another, they tend to omit superfluous details, retain the vital ones and put a heightened spin on them. Make your stories amusing and creative. Be sure your listeners can grasp them and associate them with you.

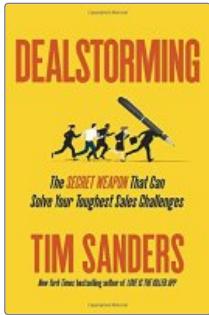
You can put the six STEPPS to work for your product, service, cause or idea without spending a lot of money or hiring the world’s best ad agency. If your brand makes potential consumers feel important, appears frequently in their environments, evokes feelings, is clearly visible, is useful and helpful, and carries a good story, it will become contagious.

## About the Author

**Jonah Berger**, a business writer, teaches marketing at the University of Pennsylvania’s Wharton School of Business.

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Book

## Dealstorming

The Secret Weapon That Can Solve Your Toughest Sales Challenges

Tim Sanders  
Portfolio, 2016  
[Buy the book](#)

"Dealstorm" your way to sales success by building the right team and deploying it strategically.

## Recommendation

Today, only 40% of sales representatives meet their quotas. Coming to the rescue, sales veteran Tim Sanders outlines a direct approach to overcoming hurdles in large business-to-business sales. He presents his seven-step “dealstorming” process in clear chapters filled with explanatory anecdotes. The process of dealstorming requires assembling a focused team from across your company’s departments. Sanders positions dealstorming as the best method for closing stalled sales. He illustrates his system with diagrams and illuminates each step with case studies drawn from his sales leadership experience. Dealstorming offers an intriguing approach to overcoming sales problems strategically. *getAbstract* recommends this solid guide to B2B sales reps and managers looking to overcome that nagging, lagging sale.

## In this summary, you will learn

- How “dealstorming” breaks through sales obstacles
- How to organize a business-to-business “dealstorm” team
- How to manage the dealstorm process from beginning to end

## Take-Aways

- “Dealstorming” is a focused approach that uses a cross-department team to move a stalled business-to-business sale forward.
- With 40% of sales reps unable to meet their quotas, making sales is harder than ever.
- Today, most deals face several challenges: multiple decision makers, complex technology systems and an influx of information that complicates clients’ expectations.
- The seven major steps of the dealstorming process are “qualify, organize, prepare, convene, execute, analyze” and “report.”
- A sale moves through four stages: “contact, conceive, convince and contract.”
- The size of a “dealstorm” team depends on the “value” and “difficulty” of the sale.

- The team has a “problem owner, sponsor, resources” and “information master.”
- To help your team embrace different ways of thinking, suggest personas for members to adopt, such as “the hacker, the chef and the artist.”
- You might stop a deal for four reasons: It’s a “bad fit,” you lack a unique offer, chasing the deal is a waste of time or continued contact might damage your client relationship.
- Moving a deal forward requires the leader to “confirm, verify” and “implement.”

## Summary

*“Dealstorming is a repeatable process that brings a collection of minds together around a sales challenge to move it forward.”*

*“We should take advantage of the collective intelligence of our co-workers to figure out how to get the must-do deal done.”*

*“To really excel with dealstorming, you need to build a team around high-value sales opportunities while at the same time managing the human dynamics.”*

### **“Dealstorming”**

Despite a sales representative’s best efforts, a potential deal can hit a roadblock that prevents it from coming to a successful conclusion. One cure is dealstorming, a collaborative-based approach to business-to-business (B2B) selling. In dealstorming, a cross-department team follows a step-by-step, “linear process requiring discipline”

Brainstorming produces a lot of ideas, but unlike dealstorming it lacks a deliberative process for determining if the ideas are viable. Dealstorming brings people together from a company’s different units to find creative, practical solutions to a blocked sale. The participants in a dealstorm session share the same sales goal and can offer suggestions for advancing the sales process. A dealstorm requires a major investment of time and resources, so companies should turn to this tactic only when other B2B sales options don’t work.

### **Why Dealstorming Works**

The dealstorm helps people who don’t usually deal with selling develop a stake in a sale’s success. A salesperson may not be able to find the hidden key to success, but a team probably can. A dealstorm often discovers a sales innovation that other sales teams can use in similar situations.

Today, the B2B sales process is far more difficult than it was. Previously, most sales depended on one client decision maker. Today, most purchases require agreement from many people at varying levels of a customer’s firm. Most enterprise sales now involve five client decision makers. Completing a deal often requires navigating a client’s internal blockades. A company’s policies may complicate sales negotiations. Resistance from other departments in the client firm can make it harder to meet prospects’ requests or needs. Concluding a sale requires solving these issues.

Information technology enables prospective buyers to gather their own knowledge about your industry’s available products and about your competitors. Clients research prices before speaking to your salespeople. Many prospects already know what they want and what they think it should cost. Yet, the abundance of knowledge now available also can help in your sales planning. For example, purchasing trends reveal valuable data about what your prospects need from you.

### **“Four Levels of Each Sale”**

Each B2B sale moves through four stages: “contact, conceive, convince and contract.” Contact is the stage of meeting and networking with people at the prospect company. Determine whether each contact person from the client company can help by learning about his or her “credibility, connections, company

*"Inspire ongoing loyalty by being transparent about your business goals and vision for the group."*

*Sales "competence is a combination of product, prospect and process knowledge, and core skills, such as communication, financial, technical and interpersonal."*

*"Act on facts; research hunches. It's very easy for the discussion to move toward gut instincts, rules of thumb and anecdotal experiences. Without this rule, the debate often ends up with 'trust me' as the trump card."*

*"Dealstorming not only delivers sales results and*

intelligence and motivation." Identify the initial decision maker you want to reach. Listen to what prospects say about their business's strengths and weaknesses, learn from them, and target your approach accordingly.

Conception, the second step, requires understanding your product and the problems your prospects seek to solve. Create a sales pitch that matches your product with the solution they need. The third step, convincing, begins with explaining how your product solves their problem. Your product must resolve their problem and offer a high return in terms of the client's time, procedures and deliverables. However, most prospects are wary of innovative products, so you may need to identify factors that could persuade clients to make a commitment. Other teams from various departments (accounting, IT, legal) in your firm and in the client company may insert themselves in the sales process. Your persuasiveness during the convincing stage may not influence these other decision makers. Use dealstorming to find solutions that counteract their negativity or that manage a change of staff or a takeover.

### **When to Stop a Sale**

The sales manager and the dealstorm team should be aware of the problems a rep is facing when a potential sale seems to be breaking down. Unless the team can find quick solutions, reps must stop pitching the client. Managers should halt the sales process if one of four situations applies:

1. **Bad fit** – The prospect doesn't see an alignment and requests no further contact.
2. **No unique offer** – If your product doesn't offer valuable differentiation, convincing prospects is hard. Multiple meetings make no progress; nothing indicates a positive shift.
3. **Waste of time** – Sometimes a sales manager must intervene when a rep doesn't see that continued effort on a stubborn account detracts from moving forward on other sales.
4. **Potential damage** – Withdraw immediately if continued contact might undermine the client relationship or other relationships between the two businesses.

### **The Dealstorm Team**

The size of a dealstorm team depends on the "value" and "difficulty" of the sale. Grade the deal's value on a scale of one to ten by levels of revenue, brand presence and "market penetration." Grade the deal's difficulty on the same scale, based on the challenges the sale faces on a personal level, the number of decision makers, the internal obstacles, and so forth. The number of steps to completing the sale indicates how many challenges you'll face.

Multiply the two scores to get a "resource" score to dictate your team's optimal size. For example, a value of seven and a difficulty of five equal a resource score of 35. Scores up to 30 call for a two- or three-person dealstorm team, including a sales rep and manager. A score of 30 to 49 requires a four- to five-person team. A score of 50 to 69 requires a team of six to nine people, and anything more than 70 demands a 10 to 12-person dealstorm team. Participants in a dealstorm team serve in one of four roles:

1. **"Problem owner"** – This is usually the sales rep who identified the challenge and asked for help. The problem owner leads the team by identifying potential members (including recruits to fill the other three roles), producing pre- and post-meeting notes, overseeing meetings, verifying information and ideas, and determining action steps.
2. **"Sponsor"** – This is usually the sales manager who supports the problem owner throughout the decision-making process and then supports the dealstorm inside various units in the company. The manager's position of

*improved delivery later; it's a learning platform for every person who participates in the process."*

*"Collaboration experts recommend periodically infusing new members into the group to revitalize it and spur new thinking."*

*"Consensus isn't about everyone loving the idea but instead making sure that everyone can live with it later."*

*"Sometimes, your failed attempt gave you much better insights as to the root cause of your deal problem or what the prospect really needs to see, hear or feel."*

authority helps employees in other sectors understand the value of the dealstorm.

3. **"Resources"** – Everyone on the dealstorm team provides specialized knowledge about the client or the sale within specific fields. Members of tech departments, R&D or marketing can offer innovative thinking about a prospect's concerns. To recruit resource people, explain the dealstorm and how it relates to your firm's overall success.
4. **"Information master"**– The team member who takes this role will record, organize and report the information produced in dealstorm meetings.

### Role Play

To break through creative roadblocks and habitual thinking, team members can assume different role-playing personalities during discussions. Three different characters can help teams break through to new ideas. The "hacker" observes the problem from various angles to find points of weakness where opportunities exist. A hacker could overcome resistance to a sales call by using social media to engage the prospect. Liking and commenting authentically on a prospect's posts on LinkedIn and other sites can build relationships and improve sales outcomes.

The "chef" persona mixes and matches ingredients to produce a successful dish. Think about what you already know about the situation – review your notes, contacts, information, prospect needs and problems – and compare that list with the ingredients your product offers the client. Help your firm's departments provide other ingredients. The "artist" persona uses a "show me, don't tell me" approach. Sometimes a "visually-based analogy" can clarify an offer. For example, a real estate agency had trouble renting beautiful office spaces until an agent compared the spaces to cars: Getting a cargo van is cheaper, but doesn't make the statement of a BMW X5 SUV.

### Dealstorm's Seven Steps

The dealstorm starts when the sales rep identifies a sales opportunity or problem and requests assistance. The seven major steps for an effective dealstorm are:

1. **"Qualify"**– The sales manager decides a sales challenge needs a dealstorm team after the sales team has tried all other sales support options.
2. **"Organize"** – Assess what knowledge and skills you need. Recruit from across the company to assemble your dealstorm team.
3. **"Prepare"** – The dealstorm owner manages all preparatory materials, including a pre-meeting "deal brief" containing all relevant information on the client and the challenge.
4. **"Convene"**– Hold dealstorm meetings to initiate the process. "Regroup" to review progress or handle problems. Offer an agenda to focus the participants, guidelines that explain the process, time to discuss the problem, opportunities to suggest solutions and a review of "action items."
5. **"Execute"** – Every meeting requires follow-up action even if it doesn't yet involve engaging the client. To keep the sale moving, identify upcoming action steps and remind participants of their roles. The group outlines solutions, but the problem owner – with the sponsor's guidance – decides how to proceed. Have a backup solution ready.
6. **"Analyze"** – After every interaction with the client, analyze the dealstorm solution. In future sales, identify how to re-create the dealstorm's success or avoid its failures.
7. **"Report"**– Take notes on clients' body language and feedback to report back to the team. Even when the solution is in effect, keep the team aware of ongoing successes. This ensures up-to-date readiness if members need to step in again. When problems arise, resolve each situation before announcing a new problem.

*“Give praise to the team for the solution, but be careful not to attribute the ideas to individuals.”*

*“There is no lone genius in sales. No individual account executive or sales manager makes the big deal or saves the strategic account.”*

*“One team, one company’s needs to become a consistent part of the conversation at work.”*

### **Successful Dealstorm Meetings**

Keep meetings lighthearted. Reinforce the team’s focus with a clear, simple, two-to-three page deal brief for review before the meeting. An initial dealstorm meeting will take one or two hours; plan accordingly and don’t go long. To give people a chance to chat, ask team members to gather 10 minutes before the official start time. The problem owner facilitates the meetings. Facilitators need “listening skills, protectiveness and assertiveness” to maintain focus and momentum. The facilitator must listen to every idea to ascertain its potential contribution. When company policies present roadblocks, the facilitator should remain neutral rather than trying to reinforce the rules.

### **The “Collaborative Idea”**

A group gathered from different divisions of a company is likely to include people with differing styles and approaches. Pixar Animation president Ed Catmull believes that a new idea sometimes arrives as an “ugly baby,” but that time and consideration can help it become what you need. Manage participation so everyone gets to share recommendations and insights. Successfully executing a collaborative idea that emerges from a dealstorm meeting takes a three-step process:

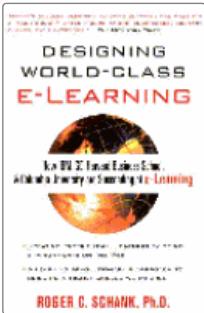
1. **“Confirm what was decided and agreed upon”** – Shortly after the meeting, the problem owner should send individual emails thanking each participant, following up on deliverables and forwarding notes. Keeping everyone on point prevents future confusion.
2. **“Verify the assumptions and claims about key issues”** – Check facts and research the stories participants tell or the “hunches” they express. Recognize and prepare for potential drawbacks, challenges and difficulties.
3. **“Implement the winning ideas methodically”** – Report the meeting’s decisions, and create a timeline for the sale. Use a “test-iterate-launch approach” to evaluate the solution. If relevant, build a prototype as a visual representation to help everyone understand the solution, or conduct a test run to highlight any potential errors.

Dealstorm success stems from each team member’s careful planning and thoughtful participation. The sales rep leads the process with the sales manager’s guidance and support. The resource people provide information, generate ideas and offer feedback. No major sale ever occurs through one person’s efforts alone; sales success is the product of everyone’s cumulative effort.

## About the Author

Former Yahoo chief solutions officer **Tim Sanders** co-founded the research group Deeper Media Inc. and also wrote *Love Is the Killer App*, *Today We Are Rich* and *The Likeability Factor*.

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Book

## Designing World-Class E-Learning

How IBM, GE, Harvard Business School & Columbia University Are

Roger C. Schank, Ph.D.

McGraw-Hill, 2002

Buy the book

Beyond technology: how to create e-learning that meshes with the way people really learn.

## Recommendation

E-learning expert Roger C. Schank describes the secrets of a good e-learning program. He emphasizes using e-learning to train in-house employees, although his methods could work in any setting. Schank clearly establishes the basic principle that makes e-learning work: learning by doing. He outlines methods using scenarios and simulations that permit the learner to put new ideas into practice immediately. He's a little too fond of failing and trying over as a learning method, when one might learn just as well by studying others' failures and successes. However, he supports his approach with education-based examples that demonstrate how children learn, along with an inside look at IBM and GE programs. Visuals in the book show the computer screen in a teaching mode as displayed to the user, so you see how your e-learning material should look, whether on a Web site or on a local intranet. *getAbstract.com* recommends this solid hands-on instruction manual for training and development managers, and for those who are building e-learning experiences.

## In this summary, you will learn

- The principles of effective e-learning
- How to avoid common mistakes in setting up an e-learning system
- How to design an e-learning system based on the concept of learning by doing

## Take-Aways

- E-learning is less expensive than other forms of teaching many people at once, since once you set up the system, any number of people can learn from it.
- Include learning by doing in your package, since this is how people learn naturally.
- Learning is meaningful when it helps people reach their goals.
- Learning arises from having expectations and failing to meet them; people learn to correct what they did wrong, so they can fulfill their own expectations in the future.

- Don't try to teach too much, since learners will suffer from information overload and won't learn.
- Break down any learning into sets of skills or "scriptlets," and teach those.
- Don't depend on rote memorization; have employees learn by performing the tasks.
- Use research and interviews to create realistic scenarios based on what people actually do in your company.
- Provide training in a timely manner - when people need the help to perform.
- Keep learners interested by making learning relevant, fun and practical.

## Summary

*"E-Learning is cheaper, not because it allows you to put your training manual on a Web page, but because it allows many students to experience training that was built once and then continually delivered."*

*"Effective e-learning requires real experience...We learn best from reality."*

*"There is no substitute for natural learning by doing."*

### The Value of E-Learning

E-learning can be effective, economical and convenient, in that it permits learning any time. It is thrifty, because once you build a training program, you can deliver it continually to any number of learners over a long time. However, effective e-learning is more than just throwing your training manual up on a Web site. To make e-learning work, incorporate natural learning principles based on how things are actually done.

Learning by doing is critical; that's how humans learn and that's how human memory processes work. People learn by doing and then by finding out if what they just did is wrong or right. That's why people become more effective in a particular role as they become more experienced. Thus, the best way for an employee to learn is by working on a job requiring the skills you have prioritized. Through practice, the employee will eventually learn.

The downside of learning by doing is that it can be dangerous and expensive. When you put an inexperienced employee in a job, he or she can make costly mistakes, such as damaging an expensive piece of equipment. Also, employees may not learn all they need to know through simple random learning. Thus, training programs can be a more cost-effective alternative. However, the traditional educational model - short-term memorization of information that may not come up in everyday life - does not provide good training. Solid training focuses on knowledge about real experiences. The basic principles of good learning are:

- Make learning engaging, or people won't learn.
- Create simulated situations where learners can practice what you want to teach them.
- Use real experience as a guide, since humans learn best from reality.
- Set up an e-learning experience so it looks and feels precisely like the job you want the learner to do.

### Using the Learning by Doing Principle

Learning by doing works; it is how children learn. A child asks for a cookie, but if she doesn't ask properly, she doesn't get it. Thus, she learns the right way to get it. This basic principle of learning applies in all other areas of life. The key to learning anything is having a goal. People want to learn to achieve their goals. They are open to correcting their mistakes or accepting advice about differing approaches, so they can reach their own destinations. For learning to be effective, the goals must reflect the learner's real wishes, not the trainer's.

Harness your employees' goals to create good e-learning experiences with the learning-by-doing approach. Since employees' goals are anchored in better job performance and in the personal, career and financial rewards that result from good performance, use your training program to help them achieve their goals.

Avoid the traditional educational model. Unfortunately, many companies fall right into the usual patterns. They bring in guest lecturers, create detailed manuals and set up internal universities that offer structured courses. Such programs don't work because they ignore two central principles of learning. First, learners have to internalize procedures they can use to improve their work performance, which means they have to try new methods and gain help if they fail. Second, to remember a new technique, they have to practice it. Learning builds on the peoples' expectations and even on their failures when their expectations aren't met.

Thus, when you design a learning program, allow learners to have experiences they can relate to past experiences, and then provide opportunities to practice, practice, practice. This hands-on approach works because learning by doing teaches non-conscious knowledge, whereas learning through "being told information" teaches only conscious knowledge. Non-conscious knowledge is what helps you do something naturally. Even high-level executives benefit from training. To make it work, people have to be motivated to learn and they have to perceive that simulation will help.

#### **The four steps to creating an effective e-learning course are:**

1. Start by developing training for a job that is based on clearly defined and repeatable skills, since these jobs are most amenable to being taught through e-learning.
2. Decide on your most important training need. Find a model in your organization who has already done what you want others to learn. If someone hasn't done this job yet, get the process working first, before you try to set up a training program.
3. Find the best subject matter experts in your company, people who can provide the information you need for your e-learning program.
4. Collect stories from employees and use their stories to create real-world simulations and scenarios. When employees role play these scenes they can practice making action choices. This provides an arena to make mistakes safely. Use text, animation, video clips and other techniques to create dramatic reality-based scenarios.

#### **Learning from Other Companies' E-Experience**

Since a growing number of companies have used e-learning, their experiences provide many lessons about what works and what doesn't.

For example, IBM used the GROW (setting Goals, doing a Reality check, identifying Options, and determining What to do) coaching model developed by former race car driver Sir John Whitmore to create simulations for employees to undergo before they entered a classroom training program. Managers and executives experienced four scenarios based on the four phases of the model. To illustrate the scenarios, IBM used photos and a series of pro and con options. Learners could make choices and then check the outcomes for each choice. IBM found that e-learning is a good method for pre-training before learners go into the classroom.

Additional e-learning programs used by A.G. Edwards, Wal-Mart and even Enron demonstrated these major principles for what makes a good e-learning program.

- To keep learners interested, show how difficult content, such as complex financial products, can be applied in real-world situations drawn from the

*"The best way to teach an employee is to let him or her work on a job that requires the skills you're trying to teach, and eventually that employee will pick them up."*

*"First and foremost: When learning isn't engaging, it's not learning."*

*"Good education means having real human goals and educational goals aligned. Students have to really want to learn what you want to teach."*

*"The goal of effective e-learning must be to re-create as well as possible the breadth of experience an employee needs in an intense, danger-free, inexpensive, and timely fashion."*

*"E-learning should look and feel exactly like the job the learner is being trained to assume."*

*"If you want to start building simple e-learning simulations, pick a job with well-defined, repeatable skills."*

*"Traditional training that insists on right and wrong answers disempowers the individual - it robs people of their decision-making ability."*

learners' jobs.

- When you provide access to resources, such as research materials needed for estate planning, let learners decide how much research they want to do, but make their tasks more difficult if they haven't done enough research.
- Even if you have concrete information, such as survey results, talk to as many people in the company as you can to hear their stories about their experiences. This allows you to base your scenarios on your company's culture and atmosphere.
- Don't make your training too comprehensive. Don't overload trainees with too much information.
- Use third-person scenarios where the learner advises someone, so you don't evoke negative reactions, because employees think they would never be in that situation.

### **Designing Powerful E-Learning Delivery Systems**

An e-learning program has to be adapted to your organization. Follow these principles:

- Incorporate "stories, simulations, goals, practice, fun and failure."
- Give learners an opportunity to fail and then consider why, since people learn when their expectations aren't met. When people repeat the same successful behavior and don't try anything new, they don't learn anything new either.
- Trigger emotions and feelings through realistic simulations since people remember best what they feel most intensely. Don't try to script "fake realities," such as having a junior trainee and top manager socializing, that wouldn't happen in your company.
- Even low-level people have the capacity to learn when you create apt simulations that the employee is likely to experience.
- Provide timely training when people are actually seeking help, so they are motivated. A good time is after someone has had a failure and really needs corrective help.
- Let the learner teach him or herself, since people naturally act as their own teachers.
- Don't require people simply to memorize facts, procedures or lists of activities, since memory alone doesn't turn into a learned skill. People have to act on what they learn so incorporate actions and practice into your e-learning program.
- Offer varied experiences that take different learning styles into account. For example, some people like to dive in without explanations, while others want detailed explanations of what will happen, and still others like a brief introduction and then want to explore themselves. Provide these different possibilities in your software.
- Start each session with a hook that makes employees eager to learn. Commonly, classes start with a long, dull explanation of what's coming up. Instead, begin by giving people a powerful, emotion-evoking experience and then asking them to do something as a result.

### **Creating the E-Learning Scripts and Designing the Course**

Use the building blocks of e-learning to create scripts and dramatize them. The building blocks are scriptlets and the learner's own goals. Each scriptlet consists of a procedure or group of actions that a person performs so often that he or she can do it without thinking. For instance, a scriptlet might be the task of programming a VCR.

Build a series of scriptlets into your e-learning course by teaching a series of skills. For instance, don't teach employees how to "do customer service;" break the job into the skills or scriptlets they will use, such as handling a complaint or dealing with a difficult person. Any job can be broken down into a series of skill sets made up of a collection of activities based on specific predictable situations. Don't try to teach general principles; people learn from repeated experience and practice.

To determine what scriptlets to use, gather data about the needs of those you plan to teach. What do they not know how to do? What mistakes are they making and why? Turn this into the major points you want to teach in an e-learning course.

These teaching points become specific lessons when you stage scenarios. Select pictures and descriptions to illustrate skills and actions. Create exercises based on real-life options and activities. Provide ways for the learner to correct mistakes, such as by making another better choice. Give feedback about why a particular action is incorrect.

For instance, take a scenario where the learner plays the role of a manager in a new department. Have the learner participate in a series of meetings with different employees, deciding whether to help each employee through coaching, resolving problems or motivating him or her to do better. After each choice, the manager can look at the consequences of that decision and make another choice if that was a mistake. Keep your scenarios real to make learning meaningful and to provide practice opportunities.

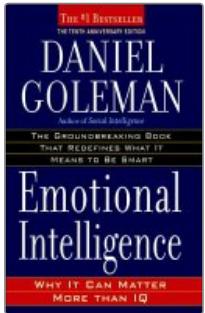
*"To keep learners' interests, and for the lessons learned to be useful, it's very important to connect difficult content to the human, real-world context in which learners will use it."*

## About the Author

**Roger C. Schank, Ph.D.**, is a Distinguished Professor of Computer Science at Carnegie Mellon University, and the founder and chairman of CognitiveArts, a leading e-learning development firm. He also runs Schank Learning Consultants, and is an author and lecturer, as well as the inventor of powerful multimedia training tools. He founded the Institute for the Learning Sciences at Northwestern University and directed the Artificial Intelligence Project at Yale University. He has published more than 125 articles and books, including *Coloring Outside the Lines*, *Dynamic Memory* and *Engines for Education*.

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## Emotional Intelligence

Why It Can Matter More Than IQ

Daniel Goleman  
Bantam, 2006  
First Edition: 1995  
[Buy the book](#)

Your IQ is only 20% of your success.  
The rest is emotional. How do you  
feel about that?

### Recommendation

In this seminal work, Daniel Goleman introduced millions of readers to the concept of emotional intelligence - the amalgamation of psychological skills and traits that he claims accounts for 80% of life success. Skills like self-awareness and self-motivation are instilled (or destroyed) in childhood, but Goleman claims that adults still can learn and apply them. This book is at its best when Goleman makes his overall case for emotional intelligence, including its sound biological underpinning. Although the later sections on real-world applications are not as insightful as the earlier sections, *getAbstract* strongly recommends this important book, which is relevant not only to business, but to life itself.

### In this summary, you will learn

- How to define "emotional intelligence;"
- How developing your emotional intelligence contributes to your success in life
- How managers can use emotional intelligence to improve group performance

### Take-Aways

- IQ contributes only 20% to life success - the rest of your achievements come from "emotional intelligence."
- The five areas of emotional intelligence are self-awareness, managing emotions, self-motivation, empathy and handling relationships.
- Human beings have the equivalent of two minds - one that thinks and one that feels.
- The two sections of the brain operate independently.
- Strong emotions interfere with clear thinking. Anxiety undermines the intellect.
- Your goal is to find an intelligent balance of reason and emotion.
- Flow - how people feel when fully engaged in tasks that fit their skills and preferences - is emotional intelligence at its best.

- Cultivating emotional intelligence is a cost-effective management imperative.
- Feedback is the currency of emotional intelligence in management.
- The success of a group is not determined by the IQ of its members, but by their emotional intelligence.

## Summary

*"The notion that there is pure thought, rationality devoid of feeling, is fiction."*

*"We have feelings about everything we do, think about, imagine, remember. Thought and feeling are inextricably woven together."*

*"IQ and emotional intelligence are not opposing competencies, but rather separate ones."*

### Emotional Intelligence

Recent years have seen a surge of research into the biology of personality and emotion. These studies clearly indicate that some of human intelligence and personality is determined by genetics. But this raises two questions: What can you change about yourself? And, why do some intelligent people founder in life, while less intelligent people prosper? The answers reside within a set of abilities called emotional intelligence.

Evolution gave humankind emotions to help people cope with dangerous situations and to act in the face of peril. Modern people retain the emotional system of their cave-dwelling ancestors, who regularly faced life-and-death situations. In modern society, those emotions often overwhelm logical thought. In a real sense, each person has two minds, one that thinks and one that feels. The rational mind lets a person ponder and reflect. But the emotional mind is impulsive and powerful. Usually, the two work in harmony, but intense feelings sometimes allow the emotional mind to dominate the rational mind.

The brain's centers of emotion evolved first. The limbic system surrounds the brainstem, the center of passionate emotion. The brainstem also influences memory and learning. The neocortex, where the brain thinks, evolved later, and then the amygdala grew on the sides of the brain. These paired structures act as storehouses of emotional memory. The amygdala gives life emotional meaning and passion. In a crisis, the amygdala reacts almost instantly, far more quickly than the neocortex. This emotional brain can act independently of the thinking brain. The amygdala lends extra weight to memories of emotional arousal, enabling you to have vivid memories of pleasure or danger.

While the amygdala pushes you to action, the cortex works like a damper. It stifles or controls feelings. A person experiences an emotional hijacking when the amygdala is triggered and the neocortex fails to control it. Such strong emotions can interfere with attention span and every aspect of clear thinking. But instead of trying to eliminate their feelings, people should strive to find an intelligent balance of reason and emotion.

### Components of Emotional Intelligence

The IQ contributes only 20% to your success in life. The rest is the result of emotional intelligence, including factors such as the ability to motivate yourself, persistence, impulse control, mood regulation, empathy and hope. IQ and emotional intelligence are not opposing competencies, but they do work separately. A person can be intellectually brilliant but emotionally inept, an imbalance that can cause many life problems.

Yale psychologist Peter Salovey analyzed emotional intelligence in five realms:

- Self-awareness.
- Managing emotions.
- Motivation.
- Empathy.

- Handling relationships.

*"This split approximates the folk distinction between 'heart' and 'head'."*

*"Knowing something is right 'in your heart' is a different order of conviction - somehow a deeper kind of certainty - than thinking so with your rational mind."*

*"This sense of rightness or wrongness deep in the body is part of a steady background flow of feeling that continues throughout the day."*

*"The emotional mind is far quicker than the rational mind, springing into action without pausing even a moment to consider what it is doing."*

### **Self-Awareness: Knowing Your Emotions**

Feelings are often hidden. Emotional self-awareness requires ongoing attention to your internal states, including your emotions. Awareness is a neutral state that generates self-examination even during intense emotions. Psychologist John Mayer calls it being "aware of both our mood and our thoughts about that mood." For practical purposes, self-awareness and the ability to change your moods are the same. Emotions can be and often are unconscious as well as conscious. They begin before you are rationally aware of an oncoming feeling. Unconscious emotions can have a powerful effect on your thoughts and reactions, even though you are not aware of them. When you become conscious of these feelings, then you can evaluate and better control them. Therefore, self-awareness is the foundation for managing emotions, such as being able to shake off a bad mood.

### **Managing Emotions: Handling Your Feelings**

Ever since the ancient Greeks, people have seen self-mastery and the ability to withstand emotional storms as a virtue. Yet, life without passion would be boring. Pursue, instead, a medium stance: the goal of appropriate emotion. Managing your emotions is a full-time job. Many of the things people do every day, from work to recreation, are attempts to manage mood, to balance the constant background hum of emotion. The art of soothing the surge of emotions - particularly intense surges - is a basic life skill, one of the most essential psychic tools. The brain's design means that a person has little control over when he or she is swept by an emotional wave or over what those emotions will be. However, through effort, behavior change or even medication, individuals can exert control over how long and intensely an emotion will endure.

One of the most difficult emotions to escape is rage, partly because anger is energizing, even exhilarating. It can last for hours and create a hair-trigger state, making people much more easily provoked. If someone is already edgy and something triggers a second emotional onslaught, the ensuing emotion is especially intense. A good way to cool off from anger is to seek distractions. Going off alone helps, as does exercise. Emotions such as sadness and bereavement can alleviate rage, but they raise the danger of full-blown depression. To break cycles of depression, therapists teach people to challenge the thoughts that feed the depression, and to schedule a range of pleasant distractions. These can include exercising, having a sensual treat, accomplishing some small task, helping others in need or reaching out through prayer. Cognitive reframing, or looking at the situation in a more positive light, is also a powerful tool.

### **Self-Motivation: Using Emotion to Meet Your Goals**

Positive motivation is crucial to achievement. The greatest athletes, musicians and chess masters are distinguished by their ability to stick with arduous practice, year after year, beginning early in life.

Emotions determine how people get on in life because they can enhance or limit the capacity to use innate abilities. The ability to restrain emotions and delay impulses, to defer gratification, is a critical life skill and the key to a host of endeavors, from dieting to getting a college degree.

Anxiety undermines intellect, but a positive mood enhances thinking. Those who are adept at harnessing their emotions can even use their anxiety for motivation. Experts describe the relationship between anxiety and performance as an upside-down U. Too little anxiety means no motivation and poor performance. Too much anxiety impairs intellect. Peak performance comes in the middle. A mildly elated state called hypomania is ideal for writers and other creative people.

Hope and optimism also play powerful roles. Hope means not giving in to negativism or depression in the face of setbacks. Optimism means having a strong expectation that things will turn out well. Optimists attribute failure to something they can change, so they do not get depressed when things don't work. Optimism is an emotionally intelligent attitude that boosts performance in the business world. Self-efficacy - the belief that you have mastery over the events in your life and can meet the challenges that confront you - underlies both hope and optimism.

*"We send emotional signals in every encounter, and those signals affect those we are with."*

Psychologists have identified a peak-performance state called "flow," which musters the most positive use of emotional intelligence. Flow is the feeling you have when you are fully engaged in a task where you have advanced skills and love the work involved. Flow arrives in the zone between boredom and anxiety. The emotions you feel during flow are positive, channeled and directed at the task at hand. Flow is a state of self-forgetfulness and focused attention, a state of joy, even rapture. Your brain actually becomes calmer during flow, which enables you to finish challenging tasks with minimal energy. To teach people how to achieve flow - even children - have them repeatedly perform activities that they love.

### **Empathy: Mastering the Fundamental People Skill**

The more self-aware you are, the more skilled you will become at reading other people's feelings. Rapport, the root of caring, arises from the capacity for empathy. Those who can read the feelings of other people are better adjusted, more popular, more outgoing and more sensitive.

Empathy begins in infancy, with attunement, the nonverbal physical mirroring between child and parent. Attunement reassures an infant and makes it feel emotionally connected. Attunement requires feeling calm enough to be able to read subtle, nonverbal signals from other people.

*"Being able to enter 'flow' is emotional intelligence at its best."*

### **Handling Relationships: Dealing with Other People**

The ability to express feelings is a key social competence. Emotions are contagious. People send emotional signals during every encounter and unconsciously imitate the emotions that others emanate, so each person's signals affect others. As people interact, they often mirror each other's body language. The more they show this synchrony, the more they share moods. This coordination of moods is the adult version of infant-parent attunement, and is a key determinant of interpersonal effectiveness. The better you are at sensing the emotions of others and controlling the signals you send, the more you can control the effect you have on others. This is a fundamental part of exercising your emotional intelligence.

*"In terms of biological design for the basic neural circuitry of emotion, what we are born with is what worked best for the last 5,000 human generations, not the last 500 generations - and certainly not for the last five."*

### **Applied Emotional Intelligence**

Emotional intelligence is significant in most areas of daily life, including:

- Management - The arrogance some bosses project and the bad morale that they create diminish productivity and drive employees away. Applying emotional intelligence to avoid such negative outcomes in a business environment is simply cost-effective organizational management. Feedback is the basic currency of managerial emotional intelligence. Managers must learn to provide it and to accept it intelligently. They should not see feedback either as a criticism or as a personal attack. To deliver an artful critique, speak to the other person face-to-face. Exercise your sense of empathy. Convey specific praise as well as criticism. Focus on solutions. Those on the receiving end of criticism should learn to hear it as valuable information. In an economy dominated by knowledge workers, the concept of the group emotional quotient is critical. Successful teams are based on the ability of team members to work together in harmony and to take advantage of each person's talents.

*"The question is, how can we bring intelligence to our emotions - and civility to our streets and caring to our communal life?"*

*"People who take the pessimistic stance are extremely prone to emotional hijackings."*

- Marriage - Emotional intelligence can help counteract the social and personal tensions that pull marriages apart. Men and women learn different emotional skills as children. Harsh criticism is a key warning sign of trouble in a marriage. For harmony, people must learn to criticize an action without attacking the person who committed the act. Personal attacks leave people feeling ashamed and defensive, and can trigger fight-or-flight responses.
- Child raising - Studies of children show a decline in their emotional health across the industrialized world. This trend is reflected in widespread withdrawal, anxiety and depression, attention disorders and delinquent behavior. Children and adults should be trained in the five key emotional intelligence skills.
- Medicine - The emotional brain is closely tied to the immune system. Stress makes people more susceptible to infectious diseases. Hostility has long been associated with heart disease, but any intense negative emotions can harm your physical well-being. Relaxation exercises are a good countermeasure. So is self-confession. Talking about problems even enhances your immune function. Doctors should learn that managing feelings is a form of disease prevention and that patients do better when their psychological needs are met.

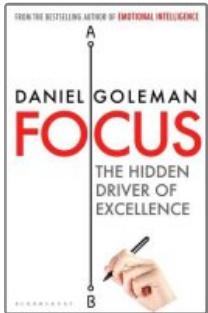
### **Emotional Literacy**

Character is the old-fashioned word for the aggregate skills of emotional intelligence. Those who cultivate the ability to set aside self-centered focus and emotional impulses, thus nourish their emotional intelligence, including self-understanding, self-control, enhanced motivation, acceptance of other people and improved relationships.

## About the Author

**Daniel Goleman**, Ph.D., covers the behavioral sciences for the *New York Times*. He taught at Harvard and was formerly editor of *Psychology Today*. His other books include: *Social Intelligence: The New Science of Human Relationships*, *Working with Emotional Intelligence* and *The Meditative Mind*. He is the co-author of *The Creative Spirit*.

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## Focus

Daniel Goleman  
Bloomsbury, 2013  
[Buy the book](#)

Paying attention pays dividends, but most people have to reclaim the ability to focus.

## Recommendation

Daniel Goleman, author of the groundbreaking, mid-'90s classic *Emotional Intelligence*, turns his attention to the subject of attention – and explains why focus is essential for navigating life, performing at your best, leading others and, ultimately, improving the world for future generations. His illuminating explanations of brain functions will be useful to businesspeople and educators. Ironically, Goleman digresses often, and his efforts to incorporate issues that matter to him – such as climate change and economic inequality – prove confusing. Still, he's superb at thoughtfully explaining how people think and feel. *getAbstract* finds that his simple explanations of the workings of the human brain, and his depiction of focus as a triad of attention paid to “inner, other and outer” targets make reading his work more than worthwhile. Goleman compares attention to a muscle you can flex and strengthen. For a buff psyche and enhanced mental tone, try this attention workout.

## In this summary, you will learn

- How your brain exerts attention
- How to use three kinds of focus
- How to build your focus to enhance your learning, performance and leadership

## Take-Aways

- Applying three categories of focus – “inner, other and outer” – is essential for a highly functioning life.
- “Selective attention” is the ability to focus on one task in spite of “sensory and emotional” distractions.
- Staying on target suppresses any emotional interference and helps you to remain cool under pressure.
- Emotions intrude on focus; completing a task is more difficult when you’re upset.
- Attention grows stronger and sharper with use, exercise and practice.
- In a “wandering” state of mind, you pause for self-reflection, contemplate future scenarios, hatch ideas or question assumptions.

- Self-awareness comes from recognizing internal cues and interpreting them accurately.
- Focused empathy takes three forms: “cognitive, emotional and empathic concern.”
- Today’s youth, members of the first digital generation, are growing up more attuned to devices than to people.
- Every leader must focus a firm’s attention where it’s most needed and most productive.

## Summary

*“Focus is not just selecting the right thing, but also saying no to the wrong ones.”*

*“Though it matters enormously for how we navigate life, attention in all its varieties represents a little-noticed and underrated mental asset.”*

*“While the mind sometimes wanders to pleasant thoughts or fantasy, it more often seems to gravitate to rumination and worry.”*

### Paying Attention

How well you pay attention affects every aspect of your life. Effective focusing skills enhance mental processes, including understanding, learning, listening, being creative and reading other people’s signals. Most people underestimate focus or overlook its importance.

You need to exercise all three categories of focus – “inner, other and outer” – to function well in life. Inner focus refers to heeding your gut feelings, values and decision-making abilities. Other focus pertains to how you relate to and connect with other people. Outer focus allows you to get by in the larger world.

### “Selective Attention”

Someone writing poetry on a laptop in a busy coffeehouse is demonstrating selective attention – focusing on one task and ignoring external stimuli. Such distractions are either “sensory” or “emotional.” Sensory distractions like shapes, colors and sounds stimulate your senses. Emotional lures cut through the clutter to draw your attention, like hearing your name called in a crowded restaurant. Emotions intrude on focus; completing a task is more difficult when you’re upset.

The brain’s prefrontal region is responsible for selective attention. The more you focus on one thing, the better your performance. Staying on target suppresses emotional interference and helps you remain cool under pressure. Controlling your attention by focusing on one thing, then moving on to the next, indicates sound mental health. Jumping from one thing to the next multiplies any feelings of helplessness and anxiety.

You focus more easily when you’re doing something you enjoy. Feeling in the zone or the “flow” results from immersion in an activity you find rewarding, inspiring, stimulating or intellectually challenging. In contrast, repetitive, unfulfilling tasks cause disengagement, boredom and apathy.

Two semi-independent systems make up the human brain. The lower brain’s massive computing power operates just below consciousness, coming into the forefront only when jarred by something unexpected. At such moments, the bottom brain, active in the subcortical circuitry, communicates with the top brain, or neocortex.

Bottom brain activity is involuntary, reflexive and fast. It functions constantly, handling rote behaviors and filtering information and stimuli. As it continually learns, it adjusts your perceptions. Emotion sways the bottom brain. The top brain, which is under your conscious control, is the locus of voluntary focus, active when you choose to watch a sunset, plan your day or learn a new task. Sometimes the bottom and top systems share mental activities to optimize your results with a minimum of exertion. For example, as you master a task like driving, the top brain learns and then the bottom brain takes over. Performing the task becomes almost instinctive.

*“People who are tuned out not only stumble socially, but are surprised when someone tells them they have acted inappropriately.”*

*“While the link between attention and excellence remains hidden most of the time, it ripples through almost everything we seek to accomplish.”*

*“Setting aside some regular reflective time in the daily or weekly schedule might help us get beyond the firefright-of-the-day mentality, to take stock and look ahead.”*

*“Video games focus attention and get us to repeat moves over and over, and so are powerful tutorials.”*

Midbrain circuitry notices things on a neural level, such as a baby's cry or a spider on the floor, and signals to the top brain. The brain's amygdala checks your surroundings for threats and sends alarms when it spots danger. When your amygdala senses a threat, it commandeers your emotions until the top brain analyzes the danger; then it defends you or sends calming signals.

### **Never Mind**

Your “wandering mind” – where your thoughts travel when not engaged in a mental task – is the brain's default setting. In this state, people pause for self-reflection, contemplate future scenarios, hatch ideas, dwell on memories or question their assumptions. Brain scans show that the area for focus – the “executive system in the prefrontal cortex” – activates during downtime.

While your mind wanders, your sensory systems dim. Doing activities that do not require a laser focus frees your mind to ramble. Focusing sharply on one activity quells outside stimuli, such as buzzing phones. Sustaining deep attention can be draining. To replenish, take breaks, meditate, exercise or do something fun.

### **Self-Awareness and Self-Control**

Self-awareness comes from recognizing internal cues and interpreting them accurately. “Gut feelings” are messages from the insula, the area in the brain's frontal lobes that acts as a nerve center for your internal organs. People in sync with their emotions have high-functioning insulae and a strong inner voice. The insula's signals help you intuitively form a value system, which becomes more concrete as you articulate it to yourself and practice it.

Self-awareness is a focus that works as an internal compass. It governs your actions and aligns them with your values. Willpower and self-regulation are functions of “executive attention.” Focusing on achieving a goal requires exercising self-control to subdue your impulses and ignore intrusive emotions. An iconic study by the psychologist Walter Mischel in the 1970s measured the willpower of young children. In the “marshmallow test,” researchers told four-year-olds they could eat a marshmallow right away or they could wait a few minutes and get two marshmallows. Left alone with one marshmallow, the children who successfully waited for the extra treat succeeded by distracting their focus from the marshmallow by using fantasy play or singing songs. The continuing study eventually showed that the children who could delay gratification at age four performed better in all aspects of their adult lives.

### **I Feel for You**

“Cognitive empathy” is a top-down brain function that enables you to look at things from another person's point of view, understand what that person is thinking and feeling, and manage your emotional response. When your emotions align with someone else's, you experience the bottom-up response of “emotional empathy.” A top-down/bottom-up response, called “empathic concern,” leads to taking helpful action.

You have to focus to tune in to other people's nonverbal cues such as facial expressions and to perceive their emotions. You feel another person's suffering – a hardwired physiological response – in your amygdala. Attention centers inside the brain connect with its areas for social sensitivity, giving humans the ability to feel compassion and manage their emotional reactions. Compassion and concern grow naturally from empathy, the feeling people want and expect from doctors, bosses and family members. For example, patients are more likely to sue for malpractice when their physicians share fewer signs of empathy and consideration, even if their rate of error matches that of more outwardly empathetic doctors.

*“Kids who can ignore impulse, filter out what’s irrelevant, and stay focused on a goal fare better in life.”*

*“Self-awareness... represents an essential focus, one that attunes us to the subtle murmurs within that can help guide our way through life.”*

*“While we are equipped with razor-sharp focus on smiles and frowns, growls and babies, as we’ve seen, we have zero neural radar for the threats to the global systems that support human life.”*

*“Directing attention toward where it needs to go is a primal task of leadership.”*

Everyone's social acuity falls on a continuum from socially oblivious to highly intuitive. People who fail to notice social cues often act inappropriately, missing nonverbal messages or misreading context. They're often unaware when they make social gaffes, such as being rude or speaking too long or too loudly. Where you fall on the social hierarchy affects your ability and desire to read others. Columbia University research reveals a direct correlation between power and attention: The higher your rank, the less heed you pay to other people's thoughts and feelings.

### **System Navigation**

No single area of the brain deals exclusively with system recognition and comprehension, but the mind uses the brain's parietal cortex to recognize patterns. The ability to read and navigate systems is a learned process, separate from self-mastery and empathy. System navigation is an essential life skill. People understand systems indirectly, by developing mental models during firsthand experiences and by absorbing distributed knowledge.

Pandemics and climate change are systemic problems that people learn about by gathering data, identifying patterns, and noticing peaks and disturbances. For example, “big data” collected by Google and analyzed with sophisticated software identified areas of flu outbreaks within 24 hours. The brain readily perceives immediate threats, but your perceptual system is blind to long-term dangers, such as the thinning of the ozone layer.

### **Practice Makes Perfect, Sometimes**

Psychologist Anders Ericsson's research about expertise laid the foundation for the “10,000-hour rule,” which holds that achieving the highest possible level of performance takes at least 10,000 hours of practice. Unfortunately, the rule is only partly true. Practice makes close-to-perfect only if it's conducted in a “smart” way – that is, if the person who is practicing uses that time to make adjustments and improvements. How much attention you pay during practice is crucial. Productive practice includes feedback, which is why dancers practice in front of a mirror.

Professional athletes, experts and other high performers counteract the brain's natural inclination to make routines automatic and to transfer them to the bottom mind. They use focus, skill development, refinement and positivity to strengthen their brain circuitry. Feeling upbeat is a crucial requirement for productive practice. Positive emotions ignite the brain's left prefrontal area, making people feel motivated, aware and energized.

Mindfulness refers to the practice of paying “attention to attention.” Meditation focuses on your inner state and develops your capacity to observe yourself in the moment without judgment. It strengthens focus by improving your ability to sustain attention. The meditation cycle rotates through the following four steps: “The mind wanders, you notice it's wandering, you shift your attention to your breath and you keep it there,” until your mind wanders again.

### **Games and Cognitive Skills**

Playing video games generally diminishes brainpower. Certain games do improve some cognitive abilities, including “visual acuity and spatial perception, attention switching, decision making and the ability to track objects.” “Smart games” that improve focus and boost cognitive function may become educational tools. Such games provide:

- Specific goals for different levels of play.
- Feedback and pacing geared toward each user.
- Challenges that progress in accordance with players' skills.
- Different contexts for applying a particular set of skills.

### In the Classroom

Some schools are adding “social and emotional learning” (SEL) practices to their curriculum in order to help children self-regulate. For example, the “stoplight” exercise instructs kids to think of a traffic signal when they become upset or overstimulated. The red light means: Take deep breaths and try to calm down. A yellow light cautions kids to pause first, then reflect and come up with alternative behavior. A green light encourages them to try a solution.

*“The power to disengage our attention from one thing and move it to another is essential for well-being.”*

The constant lure of technology waylays young people’s attention and compromises their interactions with other people. Today’s youth, the first digital generation, grow up more attuned to devices than to people. They may develop cognitive skills for navigating the virtual world at the cost of the kind of person-to-person attentive skills needed to build rapport, empathy and social dexterity. Adults are not immune. They may find it hard to read more than a couple of pages, listen to a speech longer than five minutes or stop constantly checking their smartphones. However, the ability to pay attention grows stronger with use, exercise and practice.

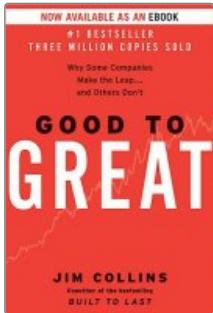
### Attention in Organizations

Every effective leader must focus a firm’s attention where it’s most needed and productive. Triple focus provides direction. First comes inner focus: Heed your behaviors and the effects of your actions. Leadership requires knowing your values and communicating your vision to inspire and motivate others. Other focus means developing an organizational strategy to provide a road map of issues and goals that require attention. Great managers develop interpersonal skills and can effectively listen, respond and collaborate. Using outer focus, leaders absorb the big picture, visualize complicated systems and foresee how their decisions will play out in the future.

## About the Author

Science journalist and two-time Pulitzer Prize nominee **Daniel Goleman** wrote *The New York Times* bestseller *Emotional Intelligence*.

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## Good to Great

Why Some Companies Make the Leap ... and Others Don't

Jim Collins  
HarperBusiness, 2001  
First Edition: 2001

Jim Collins explains why some firms go from *Good to Great* and stay great – and why others don't.

Curious about *Good to Great*? Read our review below. We're still awaiting the copyright holder's go-ahead to summarize this book in our usual summary format. In the meantime, we hope you'll find our review just as helpful.

## Review

### Elusive Greatness

When this now-classic manual first appeared in 2001, it rapidly became one of the most popular business publications of all time. Prolific business author and consultant Jim Collins, a foremost analyst of how to build and sustain a business, also wrote *How the Mighty Fail* and *Managing the Small to Mid-Sized Company*, and co-wrote *Great by Choice* and *Built to Last*, another bestseller.

Here he pursues one basic question: “Can a good company become a great company and, if so, how?” The principles of his “good-to-great” formula still hold up, but interestingly, many of the companies he and his research team identified as great didn’t last. Why is that? Clearly, Collins’ good-to-great tenets identify sound management practices: Hire the right people, specify your purpose, focus on results and make the tough decisions – the basic precepts now taught in any business management course. Yet unpredictable or unquantifiable forces, such as cumbersome bureaucracy, CEO ego, unanticipated markets and economic change, can push many successful firms off the cliff. They slide from great to good to bad to out of business. Despite the age of this classic business manual, a read of Collins’s principles could help forestall that fall.

### Fail or Thrive

Collins’s remarkably popular books share a common theme: how and why businesses fail or thrive. That’s his area of study, and he draws deeply on his research to produce in-depth examinations of the forces that sustain or undermine businesses. Collins writes, as you might expect, like a business consultant. The readers most likely to relish his unadorned, commonsense style

Here Collins pursues one basic question: “Can a good company become great and if so, how?”

Super-hero CEOs do not make companies great.

are businesspeople. But his generally pedestrian prose doesn't keep him from producing memorable, pithy aphorisms like, "While you can buy your way to growth, you absolutely cannot buy your way to greatness."

Anyone seeking ideas about building a top-flight organization with a culture to match can gain wisdom from Collins's way of thinking and presenting information.

### **One Thousand Four Hundred and Thirty-Five**

Collins and his researchers sifted through 1,435 Fortune 500 companies to find the few that met their study's criteria for greatness, which were: "15-year cumulative stock returns at or below the general stock market, punctuated by a transition point, then cumulative returns at least three times the market over the next 15 years." The 11 companies that made the grade in 2001 were Abbott, Circuit City, Fannie Mae, Gillette, Kimberly-Clark, Kroger, Nucor, Philip Morris, Pitney Bowes, Walgreens and Wells Fargo. Researchers directly compared these companies with 11 firms in the same industries that had similar resources and challenges but failed to become great. They also compared their 11 winners with six firms that achieved greatness for a time, but didn't sustain it.

The researchers conducted an in-depth analysis of each great company – including interviews with its executives and CEOs and a close examination of its financial records, acquisitions, compensation plans, business strategies and corporate culture. Researchers were struck by the factors their research negated. For example, having a famous superhero CEO doesn't make a company great, and executive compensation doesn't correlate with corporate achievement.

Collins structures the path of good-to-great firms as "a process of buildup followed by breakthrough" in three stages of corporate development. Stage 1, "disciplined people," requires "Level 5 Leadership," featuring professionally driven, humble leaders who put corporate results ahead of personal success, accept responsibility and choose great successors. Stage 2, "disciplined thought," requires leaders to "confront the brutal facts." Here, Collins says, executives must ask hard questions, make fact-based decisions and accept the truth derived by using four protocols: "Lead with questions, not answers"; "engage in dialogue and debate, not coercion"; "conduct autopsies without blame"; and "build red-flag mechanisms" to alert you to data you can't ignore.

During Collins' Stage 3, "disciplined action," companies inculcate a "culture of discipline." Successful start-ups often fall into a hazardous cycle. Early on, he says, creativity and passion fuel growth. But growth brings the need to organize operations, with solid staffing, production processes and corporate systems – all of which stifle the creativity that built the enterprise in the first place. Instead of falling down that rabbit hole, Collins advises, create a disciplined managerial framework and promote creativity within it.

Strategy doesn't ensure greatness, nor does technology or acquisitions. Great companies thrive in pedestrian industries. Greatness doesn't result from big launch events, motivational programs or management upheavals. Collins found that the transformation from "Good to Great" evolves in a careful, deliberate cycle of development followed by a leap forward. This process functions within the "Flywheel," a holistic frame of accumulated "effort applied in a consistent direction."

### **"The Flywheel and the Doom Loop"**

When CEO Alan Wurtzel took over Circuit City in 1973, it was near bankruptcy. He and his team developed the company's warehouse-retailing concept slowly. In the late 1970s, they converted its traditional stereo and electronics stores into superstores. The superstore concept took hold and built momentum through the 1980s and '90s. The Circuit City pattern of development and growth offers a good-to-great paradigm. Its success sprang from a gradual buildup, the cumulative

*Good-to-great companies are like hedgehogs, concentrating on what they do better than any other organization.*

*The Circuit City pattern of development and growth offers a good-to-great paradigm. Its success sprang from a gradual buildup, the cumulative effect of small victories and good decisions made over time.*

*What can you do better than any other company – and what are you unable to do better?*

effect of small victories and good decisions made over time. It never had a meteoric rise or a “miracle moment” – such as a single transformational development. This pattern of steady “buildup and breakthrough” is analogous to a flywheel that builds momentum. This “flywheel effect” is circular and builds on the “accumulation of effort applied in a consistent direction.” Companies that Collins compared with good-to-great corporations but that didn’t make the grade, fell into the doom loop. They launched new “miracle” programs, tried to buy success with acquisitions or mergers, and underwent frequent restructuring and leadership change.

### **“The Hedgehog Concept”**

A Greek fable pits a fox against a hedgehog. The fox is cunning, smart and sneaky; the hedgehog is plodding and slow. But no matter how much ingenuity the fox shows in its attack, the hedgehog rolls into a ball with its spikes sticking outward. Finally, the fox leaves, defeated. The hedgehog knows its strengths and sticks to what it does best.

Good-to-great companies are like hedgehogs, concentrating on what they do better than any other organization. For example, Walgreens left Eckerd, a rival drugstore chain, in the dust between 1975 and 2000 by focusing on one hedgehog concept with clarity and consistency: Walgreens sought to become America’s most convenient drugstore. It chose high-traffic sites and pioneered the idea of drive-through prescription pickups. Walgreens married its focus on convenience with its goal of increasing its “profit per customer visit.” Its zeal in these two areas fueled its rise to the top. Collins says you, too, can find your hedgehog concept by considering what asset emerges at the intersection of three ideas: What can you do better than any other company – and what are you unable to do better? How do you make money? What work evokes your heartfelt dedication?

The steps an organization takes in alignment with its hedgehog concept lead to both big and small accomplishments. These advances build a record of visible results, which energize everyone involved. Enthusiastic, united employees push the flywheel harder and faster as the firm gains strength and momentum. On the road to greatness, the flywheel builds momentum through consistency and commitment to the focused hedgehog concept.

### **On Target**

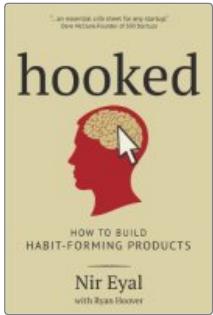
At times, Collins’s workmanlike language can obscure how insightful, on-target, unsentimental and practicable his discoveries are. Collins doesn’t push a particular theme or theory. Unlike many business authors, Collins’s brand is not himself. He became a widely respected best-selling author by carefully researching the questions he explores and presenting his perceptive answers with no axe to grind. That is a rare and welcome approach. The simplicity with which Collins explains complex forces, ideas and solutions make his insights all the more valuable, memorable and a template for all businesses, large and small, to follow.

*Collins found that the transformation from “Good to Great” evolves in a careful, deliberate cycle of development followed by a leap forward.*

## About the Author

Consultant **Jim Collins** also wrote *How the Mighty Fail* and *Managing the Small to Mid-Sized Company* and co-authored, among other books, *Great by Choice* and *Beyond Entrepreneurship*. He co-authored the business bestseller *Built to Last: Successful Habits of Visionary Companies* and contributes to the *Harvard Business Review* and *Businessweek*.

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Nir Eyal

Portfolio, 2014

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Your habits, good and bad, are money in the bank to the people who make the products you use every day.

## Recommendation

Your alarm wakes you and you stagger to the kitchen to brew a cup of coffee. You reach for your smartphone to map the traffic to work, check the weather and get an update on your friends. You perform these activities automatically, with little thought. Yet, if you find Keurig, Weather.com or Facebook habit-forming, that's not an accident. Getting you to incorporate its products and services into your habitual routine is the ultimate goal of every business. Consumer psychology expert Nir Eyal developed the "Hook Model" to put this brass ring closer to product developers' grasp. He created his four-step model by researching the traits that successful products have in common, drawing insights from behavioral psychology and neuroscience, and extrapolating from his personal experience in gaming and advertising. While his model seems particularly apt for digital products, *getAbstract* recommends this user-friendly text to marketers, designers and entrepreneurs across product categories.

### In this summary, you will learn

- What advantages companies earn when they create habit-forming products
- What the "Hook Model" explains about how consumers form buying habits
- How the Hook Model hooks customers on your product or service

### Take-Aways

- Habits are behaviors you carry out with "little or no thought."
- Companies that produce habit-forming products reap multiple benefits.
- The "Hook Model" is a four-step process marketers use to "hook" consumers.
- The four phases of the Hook Model are "Trigger, Action, Variable Reward and Investment."
- External and internal triggers instruct people to perform a desired action.
- People respond to triggers by acting in anticipation of a reward.
- Variable rewards are unpredictable, intermittent rewards that satisfy a craving or solve a problem.

- People are more likely to develop a habit around a product when they invest time or effort in using it.
- Businesses exploit users' pain by positioning products or services as oases of relief.
- The "Manipulation Matrix" helps you analyze your motives for using the Hook Model.

## Summary

*"Like all technologies, recent advances in the habit-forming potential of digital innovation have both positive and negative effects."*

*"The technologies we use have turned into compulsions, if not full-fledged addictions."*

*"Hooked users become brand evangelists – megaphones for your company, bringing in new users at little or no cost."*

### Habit-Forming Products

You carry out habitual behaviors with "little or no thought," but when your use of a product or service – like a smartphone or Twitter – becomes a habit, the company behind it scores a meaningful win. Marketers try to engineer the customer experience so that it becomes ingrained because a product's success requires loyal, habitual users. Smartphones, tablets and game consoles give consumers around-the-clock access and connectivity. Marketers have two tools – that constant entrée and detailed personal information gleaned through data mining – for propelling the buyer behavior that most benefits them: Forming a habit.

### The Habit Advantage

Investors calculate a company's "customer life-time value" (CLTV) to determine its overall value. CLTV is the amount of money a business expects to make from a single customer during his or her lifetime. The more habit-forming a product is, the higher its CLTV. As consumers incorporate a product into their daily lives, they become less resistant to increases in its price. Loyal users tell their friends about products they routinely enjoy and recommend them via social networks. Word-of-mouth advertising is credible and cheap.

Companies marketing habit-forming offerings stave off competition. New entrants find it difficult to change buyers' embedded behaviors, even when they produce a superior product. For example, keyboards still use the QWERTY configuration, designed in the 1870s for the first typewriters. Better layouts come to market, but they don't catch on. Once people become proficient at touch typing on a QWERTY keyboard, they are loath to learn a new, even if more efficient, system.

The "Habit Zone" is the sweet spot between the frequency of a behavior and its "perceived utility," the ease and convenience of continued use. Products and services fall into two metaphorical categories: "vitamins and painkillers." Vitamins are nice-to-have, satisfying products that users can live without. People feel good about taking vitamins but don't feel terrible if they miss a day. People feel pain if a painkiller-category product is out of reach. When something becomes a habit, doing without it hurts. For example, some consumers can't imagine a morning without coffee or a day without Twitter.

### The "Hook Model"

All businesses can use a four-step process – the Hook Model – to "hook" consumers on their offerings. People who become hooked will use that offering repeatedly, making advertising and marketing less necessary. The four phases of this model are:

#### 1. "Trigger: The Actuator of Behavior"

Triggers spark your behavior. They're cues telling people what action to take. Triggers are either external or internal. When you see, smell, taste, hear or touch an external trigger, it prompts a reaction and points clearly toward a particular

*“Companies that successfully change behaviors present users with an implicit choice between their old way of doing things and a new, more convenient way to fulfill existing needs.”*

*“Only by understanding what truly matters to users can a company correctly match the right variable reward to their intended behavior.”*

*“Companies increasingly find that their economic value is a function of the strengths of the habits they create.”*

*“Hooks can be found in virtually any experience that burrows into our minds (and often our wallets).”*

act. For example, the login button on a home page is an online trigger. External triggers fall into four categories:

- **“Paid”** – Advertising consists of paid triggers. Companies buy advertising to attract new users to convert them into loyal customers.
- **“Earned”** – Companies invest time and energy to secure earned triggers. Publicizing an event or producing a video in hopes that it will go viral are earned triggers.
- **“Relationship”** – Word-of-mouth recommendations from one person to another, or via social networks, are relationship-based triggers.
- **“Owned”** – With a user’s permission, a company could provide reminders. For example, a smartphone owner might permit an app company to send an upgrade notice about its app.

Internal triggers are subconscious associations between an action or thought and an emotion. Thus, boredom makes you check your email. People form habitual reactions in response to the “tiny stressors” they experience through the day. Businesses exploit users’ pain by positioning products or services as oases of relief. Consumers habitually reach for products and services that provide comfort or solve their problems. Businesses must understand the internal triggers that cause people to use their products so they can tailor external triggers that propel users to engage.

## **2. “Action: The Behavior Done in Anticipation of a Reward”**

Action is what a trigger seeks to spur. An action is how you behave because you expect an award. In the context of habits, people act instinctively, with almost no deliberate thought. Dr. B.J. Fogg conducted research at Stanford University to determine what instigates people to act. You can express his “Fogg Behavior Model” in the formula “B=MAT” – that is, “Behavior” occurs in the presence of sufficient “Motivation,” and “Ability” plus “a Trigger.” For example, you hear your cellphone ring. If you buried it at the bottom of your handbag or briefcase, you may let the call go to voice mail. Perhaps your phone is set on silent and you never hear the ring. Some element of the formula is weak or missing, preventing an action from taking place.

Fogg groups human motivators into three broad categories: “To seek pleasure and avoid pain; to seek hope and avoid fear; to seek social acceptance and avoid rejection.” Advertising capitalizes on these motivators. Sexual images in ads, such as beautiful actresses promoting GoDaddy.com, provide the promise of pleasure. Shots of men gathering to drink Budweiser and cheer for their team demonstrate social acceptability.

The actions that form habits require little or no mental effort. The action the trigger elicits should manifest its simplest form. Several successful digital networks, such as Twitter, Facebook and Google, recognized the importance of making the user experience as simple as possible. Evan Williams, one of the founders of Twitter and Blogger, summarized this approach. “Take a human desire, preferably one that has been around for a really long time...Identify that desire and use modern technology to take out steps.” Conducting a search on Google requires little time or effort. The ease of taking a photo with an iPhone made it the popular choice.

Simplifying the decision-making process through “heuristics” or “mental shortcuts” increases the habit-forming nature of your offering. Marketing heuristics include insinuating scarcity, putting items on sale and shaping the sales environment to create an appropriate context.

## **3. “Variable Reward: The Hook’s Ability to Create a Craving”**

*“Ubiquitous access to the web, transferring greater amounts of personal data at faster speeds than ever before, has created a more potentially addictive world.”*

*“Unfortunately, too many companies build their products betting users will do what they make them do instead of letting them do what they want to do.”*

*“The more users invest in a product through tiny bits of work, the more valuable the product becomes in their lives and the less they question its use.”*

*“The more effort – either physical or mental – required to perform the desired action, the less likely it is to occur.”*

Craving is how the Hook Model builds your desire. Once people act, they experience the relief of having their problem solved or their urge satiated. Research into reward behavior shows that anticipation of an award activates the brain's nucleus accumbens, or pleasure center. However, as people come to expect rewards, incentives begin to lose their allure. Introducing variable payoffs – that is, unexpected or intermittent rewards – revives activity in the brain's pleasure center.

Variable awards fall into three types: “the tribe, the hunt and the self.” Tribe rewards tap into the desire to connect socially and to feel included. Social media sites such as Pinterest, Facebook and Twitter, and computer games such as *League of Legends*, deftly exploit this universal craving. People visit Facebook repeatedly to see if their friends “like” their posts. *League of Legends* players set out to earn “honor points” in recognition of their fair conduct.

Hunting for food and shelter is a deep-seated human behavior, so hunt rewards are satisfying. Gambling online or scrolling through Pinterest provides rewards associated with gathering “resources or information.”

People feel compelled to overcome obstacles; that self-rewards them in the form of feelings of accomplishment and performance satisfaction. Playing video games is an obvious expression of this need. However, few products offer “infinite variability.” Even the most popular, exciting offerings become commonplace with use and repetition. Keeping variable rewards fresh requires the continuous input of new ideas, experiences and content.

#### **4. “Investment: The User Does a Bit of Work”**

When you put in effort, you become more committed to your purchase. People are more likely to develop a habit around a product or service when they invest in its use. Even small investments of time or energy forge strong bonds. For example, IKEA knows that customers love their furniture more when they assemble it, than when they purchase it ready-made.

Once people commit to a behavior, they're more likely to repeat it in the future. For example, people may at first be reluctant to erect a sign in their yard promoting a political candidate, but after the initial time, their resistance drops substantially.

People avoid “cognitive dissonance,” the need to revise an established perception to fit into a comfortable context. The fable of the fox declaring grapes too sour when he couldn't reach them is a classic example of cognitive dissonance. In terms of product investment, people are willing to try something other people enjoy, such as drinking coffee or alcohol, even if their first taste is unpleasant.

The more time and energy users invest in a product, the more likely they are to keep using it. The accrual of “stored value” in the form of “content, data, followers, reputation and skill” keeps them hooked. For example, once people build a music library on iTunes, they're reluctant to leave and begin again with another provider. When users post their résumés on LinkedIn and add data to their profiles, they are unlikely to switch to another site. People work to build a good reputation on sites such as eBay, TaskRabbit and Airbnb. Once they've achieved a high rating, they're averse to giving it up.

The Hook Model is circular – embedded external triggers encourage users to return, strengthening their habits. Pinterest demonstrates the four phases of the Hook Model in operation. First, the site offers a distraction from boredom by displaying a variety of appealing images. New users enjoy browsing; they experience social connection by commenting and posting images. As they pin images, their investment of time engenders loyalty; their stored value keeps them clicking. When other people contribute or comment on their posts, that provides an external trigger that retains users through another cycle.

### Assess and Follow Up

Advances in neuroscience, coupled with technology-enabled connectivity and big-data mining, make marketing's behavior-changing techniques more targeted and effective. If you use the Hook Model, examine your motivations to make sure your purposes are altruistic and that you are not exploiting others for your own advantage.

*"Without variability we are like children in that once we figure out what will happen next, we become less excited by the experience."*

*"The products and services we use habitually alter our everyday behavior, just as their designers intended."*

The "Manipulation Matrix" is a four-quadrant chart that helps you analyze your motives for using the Hook Model. Which quadrant describes you?

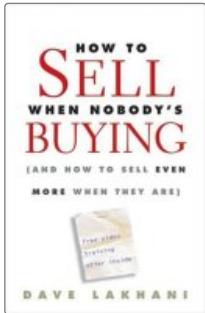
- **"The Facilitator"** – Creators who believe their product or service makes a positive contribution and who would use it themselves.
- **"The Peddler"** – Sellers who believe their product has value, but may not use it themselves. Advertising is an example of peddling.
- **"The Entertainer"** – It doesn't damage anyone to create art and distraction for people's enjoyment, but entertainment is a "hits-driven" business.
- **"The Dealer"** – Manipulators who use their offerings as a way to make a buck.

Assess whether your offering has habit-forming potential by testing your idea against the Hook Model. Continually evaluate your hook tactics to review how you perform. Experiment with new ideas and strategies, and analyze how well they promote the user behavior you hope to elicit. Use the three-step "Habit Testing" process for your analysis. First, consider how often you expect a typical customer to use your product, and what comprises either normal or excessive usage. Next, categorize this use by estimating how many users you need to make your business successful. Then, modify your tactics to turn casual users into devotees with a habit.

## About the Author

**Nir Eyal** is a video-gaming industry and advertising veteran. He writes, speaks and teaches about applied consumer psychology.

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Book

## How To Sell When Nobody's Buying

(And How to Sell Even More When They Are)

Dave Lakhani  
[Wiley, 2009](#)  
[Buy the book](#)

How to sell effectively during a recession; believe it or not, people do buy during economic slumps.

## Recommendation

Desperate times call for desperate measures, and, when it comes to selling during an economic downturn, the survival of your firm may depend on taking some radical, assertive action. Speaker, author and trainer Dave Lakhani contends that old-time sales techniques are no longer appropriate. He recommends alternative, innovative selling approaches, including some gutsy – though perhaps clichéd – ploys. Alas, the book is sometimes banal (“The best time to sell more is when people are buying”) and very self-referential, and customers may perceive a few of its sales tactics as overly pushy. Nevertheless, *getAbstract* finds that Lakhani provides interesting recommendations and numerous valuable web resources for salespeople who want to establish or embellish their personal brands, connect with prospects and operate more efficiently. These pointers make the book a worthwhile addition to any sales professional’s library.

## In this summary, you will learn

- Why conventional sales methods do not work during a recession
- How to energize your sales
- How to create a personal brand with online tools
- How to use social media to connect with prospects

## Take-Aways

- An economic cycle has four phases: “expansion, prosperity, contraction” and “recession.”
- Successful boom-time sales tactics will not work during a recession.
- When times are tough, weak salespeople leave the field. This means increased sales opportunities for industrious, creative sellers.
- Identify the people who are spending money on what you sell, and figure out how to reach them.
- Apply “fearsome focus” to all your sales activities.
- Establish a website and include your “professional bio, testimonials, client list” and “blog.” Also insert a “Contact Me link.”

- Offer webinars and teleseminars to build your credibility and showcase your expertise.
- Constantly remind prospects that you are out there and available. Develop a campaign that methodically, continually “drips” your sales message on prospects.
- To sell to a crowd, focus your pitch on the influential “consensus creator.”
- Selling during a recession is not easy, so “even if you are tired, make one additional call on a prospect today.”

## Summary

*“One thing every professional salesperson can be sure of is that throughout their careers, many things will change; there will be exceptionally good times, very average times and some really tough times.”*

*“Tough times present real opportunity for forward-thinking sales teams.”*

*“Economies and industries change; that’s not your fault. But responding to the change profitably is your responsibility.”*

### **Not Selling? Better Change Your Approach**

An economic cycle has four phases: “expansion, prosperity, contraction” and “recession.” Selling during growth and boom phases is easy. Everyone jumps aboard the sales train and enjoys the party. But selling during contractions and recessions can be a struggle. Conventional sales techniques that worked well during the good times will not succeed in a recession. Thus, many salespeople who continue to use their tried-and-tested sales methods may believe that “nobody’s buying” and decide to quit the field. However, economic downturns offer “entrepreneurial salespeople” a golden opportunity. Industrious sellers can fill the sales vacuum other vendors leave behind. These survivors must ask themselves simply, “What else is there that we could be doing that everyone else is not doing?” Perform some “high-value, high-impact actions” to jump-start your sales. Follow this five-day plan to gain momentum:

- **Day one** – Contact 25 inactive clients. Get them to work with you again. If they have grievances with your firm, assign someone to resolve them. Phone 10 active clients. Offer to sell them a product or service upgrade. Contact a noncompetitor and swap leads. Don’t leave the office without making all your “client follow-up and prospect calls.”
- **Day two** – Call 10 people who could potentially give you a referral. Greet them in a friendly way and use this script: “I’m calling because it is a tough time in our industry, and I wanted to know who I could refer to you right now that would help your business grow. I talk to a lot of people every day and I want to be able to send you some good referrals.” Then, after listening to their responses, politely ask for a referral in return. Follow up with any people whose names you receive.
- **Day three** – Set up three boxes of a dozen doughnuts each. Gift wrap them. Take them to three different prospects. Ask that each prospect personally accept delivery. When he or she is in front of you, say: “I’ve been trying to reach you and haven’t had any luck...so I thought I’d take the sweet approach.” Then ask for a telephone appointment.
- **Day four** – Learn all that you can about your “top 25 prospects.” List ways you can help each one, and think of novel techniques for getting in touch.
- **Day five** – Contact five customers who are pleased with you and your firm. Discuss how else you can be of service. Plan to attend a couple of upcoming networking events.

### **Exploiting Internet Tools to Garner Sales**

Once you have followed the five-day plan and re-energized yourself, you need to rethink your attitude. You must adapt your sales strategy to the changes in your industry and the economy. Don’t ask, “What can I sell to people who have money to buy today?” Instead, ask, “How do I find the people who have a need and a capacity for buying the product I have to sell?” Practice “fearsome focus” to attain

your goals. This involves using the “45/15 formula”: 45 minutes for intense concentration and 15 minutes for ancillary tasks. Condition your colleagues to respect your need to focus. Don’t let them interfere in any way.

Now set yourself up online. Purchase a domain name, preferably [yourname.com](#), if possible. A website gives you credibility. Keep it simple. Include your web address on your business cards and in your emails. Incorporate these items into your website:

- **“Professional bio”** – Use this document to tell people who you are. Lend a personal touch by providing information about your hobbies and your family.
- **“Testimonials”** – Add a page called “What My Clients Say” and link to it. Fill it with glowing quotes from your customers. Publish video testimonials. Shoot them yourself and use free video-editing software to polish them. Upload your videos to your website and to YouTube.
- **“Client list”** – Name all the firms you have sold to in the past on this page.
- **“Contact Me link”** – Include your contact information so that customers can get in touch with you. Your email address should have the format [yourname@yourname.com](mailto:yourname@yourname.com). This prevents people and companies from using “spam robots” to collect your email address in order to send you junk mail.
- **“Blog”** – Consider this your “online diary.” Communicate about subjects your customers will find interesting, including how your products or services can help them. In the headlines of your blog posts, use keywords that your prospects will likely enter in search boxes. That enables them to find your posts. Plan to write at least three entries every week for the next three months.

Your website is just one way to showcase your skills. Teleseminars also help you demonstrate your expertise. Various online services facilitate these conferences. For example, Freeconferencecall is a “conference bridge” that allows you to hold a teleseminar with at least 96 people on the line. Another way to draw attention to your firm is to develop bylined articles on important industry topics. Post them online at Ezine, and send them to trade journals and their blogs. Creating white papers is also a good approach to gaining exposure.

Use the internet to create online presentations and webinars. Develop a strong pitch outlining “your most powerful proposition.” Then break it down into PowerPoint slides. Include a personal photo, as well as a picture of the product. Upload your presentation to YouTube and provide prospects with the link so they can watch it. LandBankNation employs this approach very effectively. Use Sliderocket to “automate your PowerPoint presentations online” and Ustream to create live videos at no cost. Email is an excellent communication tool for staying in touch with prospects and clients. To set up email promotions, consider using the AWeber site.

### **Connect with Buyers**

Where should your sales focus be during a recession? You will find the answer by asking yourself this question: “Who is still spending money on what I sell, and how do I connect with them?” Use social media to reach prospects. Follow this plan, courtesy of Dr. Rachna Jain, an expert in social marketing:

- Decide what social media resources will help you and how you will measure results.
- Develop an ideal client “DPT profile.” This concerns demographics (age, income, and so on), psychographics (motivational traits) and technographics (the degree to which your prospects will “be involved in the social media space”). When you understand your DPT profile, you will know where to look for clients in “the social media sphere.”

*“There is always a crowd of people in any economy who will find the money to buy a product or service that makes their lives easier, their riches more sure or their job secure.”*

*“Twentieth-century selling techniques are dead, but salespeople are trying to ignore its rotting corpse in boardrooms and business lunches around the world every hour of every day.”*

*“You don’t have to work harder. You’ve got to work harder at working smarter.” (Scott Marker, author and salesperson)*

*“When people say no, they are often covering*

*another objection that they are not going to share. But when you offer them a different option at a different price or with different terms, they will often say yes."*

*"You still need to go to trade shows, mixers, Chamber of Commerce meetings, and the like, but you need a different strategy. You've probably rightly identified that decision makers often don't show up at those events – but influencers do."*

*"If you are not currently fully exploiting today's technology, you are leaving money and sales on the table every day."*

*"Technology explodes territories and opportunities by putting your presentation in front of the client immediately."*

- Find your ideal clients online with search engines.
- Use Google Analytics to "track" your blog.
- Ask clients to explain "the problems for which you sold them solutions." Employing their exact terminology, use Google Alerts to set up notifications for keyword phrases. Several sites, such as Serph and Keotag, help you establish RSS feeds for your keywords. Create profiles on social media sites, such as Facebook and LinkedIn.
- Begin "following people" on Twitter and posting your own tweets.
- Demonstrate your expertise by responding to questions at Askville.
- Place ads for the products or services you sell on Craigslist or Backpage.

### **Can You Tweet, Tweet, Tweet?**

Twitter is a particularly useful tool for salespeople. Give it a try. Enter some "industry jargon" in its search tool. You will get pertinent results. Twitpic enables you to send cellphone pictures over Twitter, and Nearbytweets helps you locate other Twitter users near you. If you input industry keywords and phrases, Monitter will display relevant online conversations in real time. Participate in the chats that you find most promising.

### **Develop a "Drip Campaign"**

Constantly remind prospects that you are out there and available. Do so through a drip campaign by "systematically and consistently dripping some sales message" on your prospects until they are ready to buy. Stretch it out over 12 to 14 months. Here is a 12-step example of how such a campaign works:

1. Phone the potential client to introduce yourself. Afterward, have the Sendaball website deliver a "big red ball" with a personal message from you. This will grab the prospect's attention. Follow up with another phone call.
2. Send a media kit to the prospect. Include copies of your articles, transcripts of your speeches, and so on. Gift wrap the package so the recipient will view it as valuable.
3. Mail a promotional DVD that features instructional materials on how to use your product or service.
4. Send a postcard with a friendly reminder to contact you.
5. Post the prospect a white paper you have developed on some industry topic.
6. Send a "video email" stating that you look forward to meeting with the prospect.
7. Use Postcardbuilder to create a nice card for the prospect. Include his or her picture, if you can.
8. Forward testimonials about you from three respected customers.
9. Ensure that the prospect receives a "handwritten birthday card" from you.
10. Send another DVD in which you present on an important industry topic to a large, enthusiastic audience.
11. Fax the prospect a humorous note that encourages him or her to get in touch.
12. If none of the above works, send a fake obituary with this message: "After a long and courageous battle with lack of connection syndrome, [your name] gave up the fight...Send your condolences by calling [your phone number]."

### **"Breaking the Trance"**

Many people are stuck in trances provoked either by "their own beliefs and prejudices, or by the media." To sell to them, pull them out of their stupor. Acknowledge their beliefs, and then supplement them with concepts they will be able to accept readily. Link your ideas to theirs. Incite your prospects' curiosity

*"At the end of the day, being creative is about really thinking through how you might engage the attention of a certain person long enough to get him to say yes to engaging with you."*

*"The only thing keeping you from going out and trying one more time is you."*

about your products or services. “Reset” their trances to reflect favorably on your own commercial offerings. To do so, use a “responsive narrative” that matches your prospects’ aims and goals. For example, “As I was listening to you talk, it occurred to me that for you to achieve X, a certain series of things would have to be in place...When clients successfully implement our product, they experience XYZ. I believe that when you have that experience, you’d be complete as well.” When the prospect decides to buy, plan to “up-sell” him or her. Offer something extra for “only a small additional fee.” Thus, the buyer gets more value at just a slightly higher cost, and you get a more profitable sale.

### **Selling the Room”**

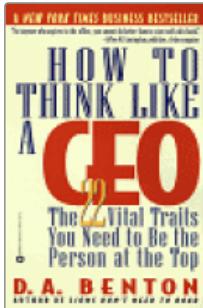
Presenting to a room filled with people is always tough. If you don’t win them over early, you’re dead. So how do you employ “mass persuasion”? Find the influential “consensus creator” in the room by asking probing questions that will reveal his or her identity – for example, “Who here has been responsible for gathering the ideas of the group and bringing everything together to date?” Once you have ascertained who the consensus creator is, work to achieve buy-in from him or her. This person will, in turn, garner everyone else’s support. Get confirmation that your solution meets the consensus creator’s terms. Stand next to this person when you make your presentation. Use testimonials to acquire further acceptance. Embed a “structured call to action” in your presentation. This can include “discounts, bonuses for early action or other incentives to buy.” Follow up with these prospects. Often they are not in a position to make an immediate decision.

Selling in a recession is a challenge. Therefore, you must develop your own “sales turnaround plan.” Select the individual tips and techniques that will work best for you, and then put them to work quickly. In sales, as in everything else, you must always be ready to invest yourself to get ahead. So even if you are tired, make one additional call on a prospect today. Remember: “There is no better cure for a slump than a sale.” Get out there and earn it.

## About the Author

**Dave Lakhani**, a sales trainer, entrepreneur and speaker, is president of a public relations and marketing firm.

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Book

## How to Think Like a CEO

The 22 Vital Traits You Need to Be the Person at the Top

Debra A. Benton  
Warner Books, 1996  
[Buy the book](#)

CEO behavior can be learned, so the job can be earned. Here's how to walk, talk, think, and act like you're already the boss.

## Recommendation

Author Debra A. Benton discusses how chief executive officers succeed. She bases her information on interviews with hundreds of major corporations' CEOs and with well-known leaders and public figures. The experiences of so many CEOs make the book fascinating. Readers will be intrigued by the many success stories. Benton also extrapolates and explains the key principles behind the success of these executives. The book is an excellent, well-written guide that includes some well-known success principles and some that may be less well-known. The short, snappy, easy-to-read style is accessible. A helpful summary at the end of each chapter captures the major principles covered. *getabstract.com* recommends this book to those on the way up in management, those interested in getting into management, and those who wish to apply these principles of success in their own careers.

## In this summary, you will learn

- Why perseverance ranks among the most important qualities for a CEO
- What eight qualities near-perfect CEOs have
- Why being kind to others is not a sign of weakness

## Take-Aways

- To become a CEO, first you need to think like one.
- You have to be confident in your abilities if you are going to make it to the top.
- Even if you encounter difficulties, keep going.
- Good CEOs are good actors; they know how to play the part they need to play in different circumstances.
- Don't try to maintain the status quo. Use your originality to promote improvement and change.
- Becoming a CEO is like climbing a mountain; you need to learn the ropes and overcome obstacles as you climb to the top.
- Become a master of style and choose the appropriate style for each occasion.
- Being in control of your attitude is critical, since success in business and life depends more on mental attitude than mental ability.

- Even if you see the big picture, pay attention to details.
- You can make your message more powerful if you use humor, drama, and style to get it across.

## Summary

*"You need to think like a CEO long before you become one. People who make it to the top act and think like they are 'number one' before they actually become number one."*

*"If you lose control, you lose. Period."*

*"Until, and unless, you're in command of your outlook, everyone and anyone can control you. Only people who manage their attitude avoid being managed by others."*

### The Basic Equipment Needed to Become a CEO

You might compare climbing the corporate ladder to climbing a mountain. You need certain qualities, which are like equipment, to make it to the top. You also have to be ready to pass through "tricky and scary situations," just as you would if you were going higher and higher up a mountain. To begin, you first need to establish a "firm footing." You also have to "learn the ropes," so you can move upwards, overcoming difficulties as you go, and take the lead.

To increase your chances of rising to the top, try to understand the CEO who employs you. You will learn more if you work for a top CEO. A better CEO is more likely to run a successful organization. Your CEO won't be perfect, since no one is. But you want to work for a "near-perfect chief." A near-perfect CEO has 22 vital traits. Make these traits your own. Observe them in others. Continually work to improve these qualities in yourself, so that you get better and better.

### Eight Fundamental Qualities

The eight fundamental qualities that near-perfect CEOs have are:

1. They are secure in themselves - Near-perfect chiefs have to be secure, to have the confidence to believe they can make it. Uncertain people don't get to the top. Good CEOs want to surround themselves with confident people. Therefore, they are the ones who will get promoted. A CEO who lacks confidence will make those around him nervous and uncertain. Thus, act with confidence to inspire others, whether you feel confident or not. Acting confidently will make you feel confident, too.
2. They are in control of their attitudes - Take charge of your attitude. Your ability to succeed in business and in life depends more on your mental attitude than your mental abilities. Adopt an attitude that fits each situation, such as being firm or friendly as needed. Being optimistic and having positive attitude helps. Remember, you have to be in control of your own attitude, or others will control you.
3. They are tenacious - Top CEOs persevere and overcome obstacles. They keep going. Even if others discourage you, you should stay on your path and work toward your goals. Even if you experience disappointments, frustrations, and setbacks, keep going. However, you should be ready to give up and cut your losses if you see that something is a bad project or a mistake. Like a poker player, you should know when to hold them and know when to fold them.
4. They are continually improving - Keep learning, so you know more and more about your job. Learn by talking to people, learn from your mistakes, and learn from the experiences of others. Think about how you can "emulate effective leaders" and how you can "learn something new every day."
5. They are honest and ethical - This is vitally important. You should tell the truth, have integrity, be genuine, be fair, and be forthright. Do not engage in fraud, deception, or artifice to get ahead for yourself or your company. Don't intentionally mislead or misrepresent anything or break your promises. Bring up uncomfortable issues, so they can be resolved, but don't exaggerate. You cannot get ahead unless you have a reputation for honesty and good character. A lack of integrity will generally catch up with you.

*"Keep going until something stops you, then keep going."*

*"Persevere through disappointments, setbacks, frustrations, and inequities. Those who persevere will succeed."*

*"Chew on your thoughts before you verbalize them. Digest your words as you digest your food."*

*"The good CEO takes full advantage of his position to be inventive, different, imaginative, and original."*

6. They think before they talk - If you think before you speak, you can control what you say and carefully choose your words. You can express yourself for the desired result. With forethought, you can avoid repeating yourself and minimize stuttering or stammering. Remember, at times it may be best to be silent and not say anything.
7. They are original in their ideas and actions - Originality is especially important in today's climate of change. CEOs have an advantage in that they can express their imagination, and be inventive and original. This vital trait is the basis of human improvement and is a necessary part of responding to change. Use your originality to find better ways to do things.
8. They are publicly modest about their abilities and achievements - As you improve and achieve, be modest. Avoid being pretentious or ostentatious. Bragging about what you achieve can turn people off and breed resentment. You want to be recognized for your contributions, without becoming arrogant about them.

### **Practicing Vital Traits That Will Help You Climb**

Five vital traits that will help you enjoy your climb to the top are:

1. Be aware of style and use it appropriately - Employ the proper behavior and the appropriate style. Don't try to be the same way with everyone. Effective styles include being decisive, candid, or collaborative. Listening to others is effective, but being antagonistic and lacking empathy is not. Become aware of your own style. Don't try to guess another person's predominant style, especially if he or she is in a high level position. Such people are better at concealing and adapting their style than others might be.
2. Be a little wild and gutsy - At times, climbing to the top means taking risks. You need true courage that stems from both reasoning and instinct. You don't want to be reckless, which comes from being bold without having focus and purpose. But you also don't want to be a coward. Strike a balance; be willing to push at the boundaries of your comfort zone.
3. Be humorous - Humor is important to keep work fun. You want to act in a cheerful way and be willing to laugh at yourself when appropriate, such as when you make a mistake. The goal is to be upbeat, while being serious about "consequences, behavior, and values." Don't take humor to extremes, but learn to use it well. It can be a helpful tool in keeping employees productive.
4. Be a little theatrical in the way you express yourself - A little drama can help you make your message more powerful. Effective CEOs have good acting skills. They can be comfortable and act their part in many different situations and with many different types of people, even if they don't feel like it. Remember, other people are always reading you, just like you are reading others. By acting, you can present the picture of yourself you want to present, especially in difficult times when you want to persuade people that you feel confident.
5. Be detail oriented - Pay attention to details. Even when others are working to implement your ideas, stay alert to what is going on around you. Keep the big picture in mind. Paying close attention to details keeps you accurate, which helps you stay honest. On the other hand, inaccuracy can promote fudging and cover-ups to conceal mistakes.

### **The Final Steps for Getting to the Top**

The last steps you need to get to the top include these:

- Good at your job and willing to lead others.
- A fighter for your people.
- Willing to admit your mistakes, yet unapologetic about them.

- Straightforward in how you communicate.
- Nice.
- Inquisitive and curious, so you ask questions.
- Competitive.
- Flexible, so you are willing to adapt and change.
- A good storyteller.

*"The simple way to get ahead in business is to give top performance today and significantly improve that performance tomorrow."*

*"Never be satisfied with simply maintaining the status quo. You lose originality if you are satisfied with the present condition. Originality is the principle source of human improvement."*

*"Remember the four-minute rule. Be aware of and consciously control your actions for at least the first four minutes of any encounter."*

Being good at your job has two facets: hard knowledge, that is technical excellence, and "the soft side," your ability to relate well to others. If you are good with people, you can learn the technical details. The key to success is getting the information you need from people, not from computers. To do this, you need the ability to understand and influence others effectively. It helps to be a specialist in one or two key areas important to your company, such as marketing, engineering, or technology. Then, you can learn other key areas. Being willing to lead means being ready to "step out front," take risks, and lead the company.

You should also be ready to fight for your people and back them up. Be loyal downward; spread credit to others in the organization. You need to support people and give them credit, if you want them to support you.

Be willing to admit your mistakes, yet be unapologetic about them. If you make a mistake, be willing to admit it. Then you can correct your mistake and move on. It's fine to make a mistake once, but you don't want to make it again. A repeated mistake demonstrates a lack of attention to detail or a poor attitude. However, while you should admit mistakes, don't be apologetic about them. It can be fine to apologize, when an apology is called for, but be unapologetic in your attitude.

Communicate clearly and straightforwardly to others. Write or talk in a "plain, simple manner." Giving clear instructions helps employees do what you want. Straight talk also inspires trust in what you say. And, when you say what you mean, you avoid misunderstandings.

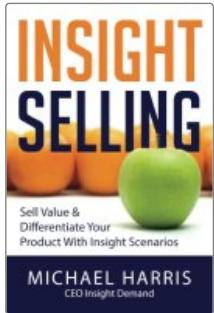
Being nice will help you get along with others as you move to the top. You can still make hard decisions and be strong in getting the job done, but if you are amiable and pleasant, people will be more responsive to what you want.

Being curious and inquisitive is also critical, since you want to ask questions and learn all you can. Seek the answers about anything you don't understand. In asking questions, try to learn new information or get old information clarified. Phrase your questions in a conversational, comfortable way. When questions seem like attacks, people can feel defensive or belittled.

You also want to be competitive, since it is good to have a "healthy fighting spirit." This will help you in your personal and professional growth, and will enable you to overcome obstacles and achieve victories. However, choose your battles, so you engage in only those worth fighting. Compete fairly. Don't engage in "overly zealous, destructive combat," since you may have to work with your opponents in the future.

Be willing to adapt and change. With flexibility, you can adjust your responses as circumstances change. This doesn't mean being "wishy-washy or undisciplined." Rather, it means being willing to bend and not stubbornly sticking to a position when the situation requires adjustment.

Being a good story teller means that you are able to use stories and anecdotes to help you communicate. You can dramatize an example or paint pictures with words to make what you say clearer, more memorable, and more useful to others.



Book

## Insight Selling

Sell Value & Differentiate Your Product with Insight Scenarios

Michael Harris  
[Sales & Marketing Press, 2014](#)  
[Buy the book](#)

Tell stories that lead buyers to the value you offer, so they discover it for themselves.

## Recommendation

The Internet provides such comprehensive product information that B2B buyers needn't deal with B2B sellers until quite late in the sales cycle. At that stage, customers don't need features-and-benefits information; they need specific insights told through stories that are tailored to their situation. Sales-training expert Michael Harris explains how B2B salespeople can deliver these insights for maximum results. His technique transforms B2B prospects' classical wariness of sales representatives into enthusiasm for learning about and buying what they sell. Harris backs up his recommendations with impressive research. He explains why salespeople must be able to tell good stories to win customers. Ironically, the author is a good instructor, but he could be a better storyteller. In most chapters, he explains his point of view quite satisfactorily, but in some, he's confusing and even contradictory. When Harris is on target, his advice is very useful. *getAbstract* recommends his potent approach to B2B salespeople who need to know how to tell their product's story for maximum sales impact.

## In this summary, you will learn

- What an “insight scenario” is and how it works
- How salespeople benefit when they tell insight scenarios
- How to develop and use these scenarios to make sales and become a trusted adviser

## Take-Aways

- Readily available product and services information on the Internet complicates B2B sales.
- Today's B2B buyers don't need B2B salespeople to tell them a product or service's features and benefits; they need sellers to offer specific, useful insights.
- Your insights should make the buyer stop and think; they should not challenge the buyer.
- “Insight scenarios” differentiate your offering and present its value via storytelling.

- An insight scenario is a story that describes how your product solved a parallel customer's difficult situation.
- An insight scenario lets buyers independently recognize the value of your offering.
- SAP and Microsoft use insight selling and created "Chief Storyteller" positions.
- Insight scenarios should be concrete, emotional and never confrontational.
- An insight scenario should be 250 to 350 words long, and should take 90 to 120 seconds to tell.
- Insight scenarios enable you to shift from salesperson to respected adviser.

## Summary

*"Humans have told insight scenario stories visually for 100,000 years, orally for 10,000 years and in writing for 6,000 years."*

*"Listening...is the least-developed skill in sales, because we all think we do it. Listening is more than just listening to someone's words: It is listening without filters or judgment."*

*"Salespeople no longer hold the keys they once did to the information kingdom. Today, to add value, salespeople must do more than just*

### Insights, Not Product Details

In sales in the past, buyers relied on salespeople for the information they needed to make intelligent purchase decisions. Now, thanks to the Internet, buyers can easily research alternative products and services and compare prices. Today's buyers rarely deal with salespeople until they have progressed through 60% of the sales cycle. The tendency of buyers is to commoditize B2B products and services and to insist on discounts from sellers. Buyers do not want salespeople who "show up and throw up" litanies of features and benefits, or who irritate them with 20 questions. Buyers seek useful insights that enable them to make solid purchase decisions. They "do not have the time or expertise" to understand the best options. They find it difficult to filter and make sense of the overwhelming amount of information on the Internet. Buyers can't determine the "generic value" of particular products or services. Many don't purchase or they purchase based only on price.

### "Insight Scenarios"

An insight scenario is a very brief story about a company you rescued from an emergency through the use of your product or service. A well-constructed scenario reveals your product's "hidden value." Because an insight scenario is about someone other than the buyer, he or she can accept it without feeling challenged or defensive. Think of an insight scenario as a "Trojan horse" that gets your sales message over the buyer's "defensive wall."

Insight scenarios are not the same as "value propositions," which buyers automatically discount. Insight scenarios also differ from case studies. Case studies work well late in the selling process by providing compelling rationales for buying decisions. But case studies have no place early in the sales process. They overload skeptical buyers with too much information.

### "Insight Dials"

Sellers must communicate value, differentiate their offerings and show customers a clear route to buying. To do this, call upon three insight dials:

1. **"Contrast"** – The seller illustrates the contrast between a buyer's situation before purchasing the product or service and after. The greater the demonstrable contrast, the greater the value the story conveys to your offering.
2. **"Listening"** – Buyers' visions are like movies playing inside their heads. To understand that movie and confirm it with their insights, sellers must listen carefully to buyers.
3. **"Clarity"** – After communicating compelling before-and-after insight scenarios, sellers should question buyers so they can compare their

*provide information; they need to provide insight.”*

*“Tell a story to hear the buyer’s story.”*

*“Before sellers can close the value gap with their product, they first have to open it. The salesperson cannot lead with value, but must... lead the buyer to the value.”*

*“A salesperson has to be sure...not to provide ‘free consulting,’ and then have the customer buy the product cheaper from a competitor.”*

*“To buy, the customer must...think an offering is right, but more*

situations to those scenarios. Buyers’ answers should illuminate their “before-and-after picture.” After the buyer identifies a problem, ask a follow-up question: “And then what happens?” Questioning lets the buyer “take your product [or service] out for a virtual test drive.”

### Using Insight Scenarios

By using insight scenarios, salespeople can deliver an “Aha!” moment” that reframes their prospects’ buying vision. The insights you share with your prospects will not perform in terms of sales results unless you craft your stories to reflect your in-depth understanding of how your customers and their competitors make money.

Insights should not become “free consulting.” Avoid this by referring only to your product or service’s singular capabilities. Insights should challenge the buyer’s mind-set – but never challenge the buyer. A challenge might provoke a customer to become defensive. An insight scenario delivers a telling moment of revelation that engages your consumer. These brief stories about other customers recount how your product or service moved them from bad situations to good ones. Your story lets buyers draw a new conclusion about how your offering might improve their firm’s situation.

### Asahi Glass

Maxine, the supply chain director of Asahi Glass, did not know which orders would deliver the most profit and which might be unprofitable in real time. Some sales orders that initially looked profitable turned out to be losers. Salespeople placed orders without considering Asahi’s current production capacity and without knowing at all how one order might negatively affect another.

Maxine wanted a tool her company’s salespeople could use to gain “a more dynamic view of profitability” to inform their glass sales. A supposedly “profitable Toyota order” ended up being hugely unprofitable, due to potential “delayed order penalties” that forced Asahi to fly parts to the production plant.

Maxine found a solution with the Advance Schedule Corp. The company provided Asahi with a tool that evaluated orders based on production capacity and that tracked the orders’ impact on other orders. The company’s salespeople liked the tool. They could “pool their orders” and use price comparisons to generate additional profitable sales.

### Insight Scenario Benefits

When you present your compelling insight scenario, immediately segue from your story to the buyer’s story. Say: “That’s enough about client X, what’s your story?” Include two to four insight scenarios in your conversation during your sales meeting with a client.

An insight scenario has these six advantages:

1. **“Puts the customer’s ego to sleep”** – Since insight scenarios do not challenge buyers, they don’t feel pressured, and they will listen to what you say.
2. **“Makes the customer care”** – Insight scenarios deliver the context that helps clients understand why it makes sense to buy from you.
3. **“Generates value”** – Insight scenarios are word pictures. They demonstrate that a situation the buyer regards as acceptable, or at least bearable, is really quite unproductive. An effective scenario shows that only your product or service can provide the specific solution the customer needs.
4. **“Remains ‘memorable’”** – Facts do not evoke emotion. Add emotion to your facts through storytelling to move customers and help them remember your information.

*important, the customer must feel...it is right."*

*"According to a recent survey by Sales Benchmark Index, over 60% of sales opportunities end with the buyer deciding to stick with the status quo and not buying."*

*"Because an insight scenario is about someone else, the customer does not feel attacked...that allows the customer to draw their own conclusions."*

*"Doctors and salespeople will tell you...customers and patients do not make good decisions on their own."*

5. **Tells a story** – People have communicated important information through stories (the insight scenario format) since prehistoric times. Story telling is “hard-wired” into your DNA. Both SAP and Microsoft use insight selling, and both have established “Chief Storyteller” positions.
6. **Sharpens the saw** – Through sales coaching, you can use insight scenarios to uncover gaps in your sales teams’ knowledge of your products or services. Coach your salespeople to create insight scenarios “in just 10 minutes per week.” Have them practice developing two-minute, memorable stories about their customers’ challenges. Make sure these stories are brief – 250 to 350 words – and feature clear before-and-after contrasts. Before creating their stories, your salespeople must develop a “helicopter view of the customer’s world.” They must view a client’s world in totality, including its markets, competitors and challenges. Without a comprehensive understanding of the customer’s situation, a salesperson cannot transform a prospect’s thinking.

### **Successful Insight Scenarios**

Insight scenarios simply are stories describing how your offering solved specific problems for people in the real world. An insight scenario does not discuss features and benefits. To be successful, however, it must meet three criteria. It must be “nonconfrontational,” concrete (that is, it supplies the necessary context) and “wrapped in emotion,” which is “necessary for decision making.”

Developing an insight scenario involves seven steps:

1. **“Why?”** – Understand the purpose of your insight scenario. It should dramatically spotlight value for the buyers. It should demonstrate the gap between the space where the buyers currently operate (in your scenario, this space is bad), and the space where they will operate (in your scenario, that will be very good), thanks to your product or service.
2. **“Setting”** – Introduce your insight scenario to the buyer. Say, “Let me tell you about Paul, the VP of finance of a manufacturing company who was looking to reduce inventory costs.”
3. **“Complication”** – Many buyers believe they are doing fine and have no reason to change. Dissuade them. You don’t want buyers to think a problem your product can solve is only “ankle deep.” Instead, you want them to believe they are drowning in the middle of the ocean, and you are the rescue boat. The complication is the crucial part of your insight scenario. To characterize the enormity of the problem the buyer faces, use a “simile, metaphor or an analogy.” Create the maximum amount of contrast between the buyer’s current situation and how your offering will change and fix it.
4. **“Villain”** – Every dramatic story needs a bad actor. Your villain could be “changes in the status quo, economic times, market conditions” or the “competitive landscape.”
5. **“Turning point”** – This is the moment when the buyer understands that remaining with the status quo will cost more than purchasing your service.
6. **“Resolution”** – Demonstrate how, in your story, your solution came to the rescue and solved the problem facing the company. Keep this portion of the story brief. Show simply how buyers can use your offering to fix their problems.
7. **“Questions”** – The purpose of the insight scenario is to learn the buyer’s story. The most important part of this story will be the buyer’s “oil spills” – the primary problems you can fix. Ask questions to help buyers discover their story.

### **Incorporating Insight Scenarios**

*"An insight scenario [is] a flashlight... to illuminate hidden value...Create an insight scenario to make it known."*

*"Many buyers can now be 60% of the way through a sales cycle before they engage a salesperson."*

*"The best way to tell if you've written a memorable insight scenario is to tell it to a random salesperson and see if they can repeat it back to you after hearing it only once."*

Incorporating insight scenarios into your sales process – and using them during your meetings with buyers – involves seven steps, all “sales-methodology neutral”:

1. **“Value assumption”** – Present “three to five value hypotheses.” You can’t provide fresh insights about the client’s “known business issues” that you elicited during an exploratory discussion. The value assumptions you introduce should result in a meaningful dialogue. Introduce benchmark data or other pertinent information.
2. **“Listening for hidden value”** – Listen carefully to everything the buyer says, not only to explore the buyer’s situation, but also to identify value the buyer “has not yet fully recognized.” Learn everything you can about the customer’s buying vision. Stay “completely present” as you listen.
3. **“Increase contrast with insight scenarios”** – Do not directly discuss buyers’ “value gap,” or their commercial problem. Instead, introduce an insight scenario. Your goal is to get buyers to recognize themselves in your story. You want buyers to assume ownership of their problems. Include a simply drawn before-and-after picture. Before: The buyer drowning in a problem. After: The buyer benefiting from your rescue. This illustrates the value of your product or service.
4. **“Listen for clarity”** – The insight scenario should elicit the “buyer’s story.” Once the buyer’s vision becomes clear, discuss your specific solution. If you cannot quantify the negative financial impact of the buyer’s problems, try to qualify them. For example, ask the buyer to list his problems on a one-to-ten scale.
5. **“Increase clarity with questions”** – Ask questions to help buyers “fill in the details” so they see your value as specific, not generic.
6. **“Solution”** – By this stage, you hope, the buyer finally sees things your way. “Present your solution.” Provide the purchaser with “proof points” so that he or she can justify a purchase.
7. **“Echo letter”** – After your meeting, send the buyer a letter referring to the “new buying vision.” Keep in mind that the buyer may share your letter with others.

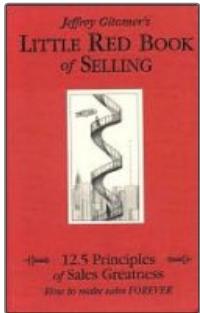
### Trusted Counsel

Insight scenarios allow you to transcend a typical salesperson’s role. An insight scenario lets you lead the buyer to value instead of leading with value. This lets you become the buyer’s “wise guide.” It transforms the purchaser from active critic to enthusiastic participant in the buying process.

## About the Author

**Michael Harris** is the CEO of Insight Demand, a firm which teaches salespeople to deliver insights to buyers so they can sell value and differentiate their offerings.

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Book

## Jeffrey Gitomer's Little Red Book of Selling

12.5 Principles of Sales Greatness: How to make sales forever

Jeffrey Gitomer  
[Bard Press, 2004](#)  
[Buy the book](#)

Use 12.5 basic principles to become a sales superstar. (Thirteen would have been unlucky.)

## Recommendation

In 1966, Mao Tse-Tung published *The Little Red Book* of his quotations. Sales whiz Jeffrey Gitomer now offers its namesake: the *Little Red Book of Selling*. Like Mao's book of political orientation, Gitomer recommends that you read his book of sales instruction over and over. And yet, most of its urgings may not need so many repetitions, since they are familiar and not hard to understand: "Work hard!" "Be prepared!" "Kick yourself in the duff" (only, he doesn't say "duff"). Gitomer fans can be assured that this accessible bestseller reinforces his basic productive teachings about assertive selling attitudes and strategic preparedness, though it sometimes feeds a little too much into his star "guru" image. For instance, maybe it wasn't necessary to attribute pop-up quotes to him in his own book. *getAbstract* finds that Gitomer couches real scattered gems of sales wisdom in just enough jazzy layouts, snappy aphorisms, savvy and silly suggestions, big-type quotations, startling vulgarisms, humorous asides, quaint cartoons, red headlines, gold bullet points and free-wheeling commands to keep even the most distractible sales student alert.

## In this summary, you will learn

- Why people buy things
- How to use the 12.5 principles of "sales greatness"
- How following five more axioms can help you become a sales superstar

## Take-Aways

- No one likes being sold, but everyone loves to buy.
- You must feel passionate about your product or service to sell it.
- If you cannot conquer the fear of rejection, you have no business in sales.
- Great salespeople make their own luck by working harder than anyone else.
- Control your mind and you control everything else – your attitude, your success and your sales.
- Prospects don't care about you, your company or your product. They only care whether you can help them be more profitable.
- Being unprepared for a presentation or client call is a big mistake.

- To succeed in sales, you must be willing to work hard all the time.
- The best way to avoid arguing about price is to offer true value and to sell to the decision maker, not the staff.
- First, people buy you, then your products or services. If you can't make the first sale, you'll never make the second.

## Summary

### **Why People Buy**

To be successful in sales, you must learn why people purchase products and services. The answer to this vital question is far more important than learning the answer to another: "How do I sell?" People buy for numerous reasons. Here are some of the most common:

*"Find something that you love, find something that you can believe in, find an environment that's fun, and people you can respect, and jump in with both feet."*

- I have a high opinion of my sales representative.
- I have faith and confidence in my sales representative.
- I know exactly what I am buying and precisely why.
- I feel comfortable with the price.
- I think the product or service offers true value.
- I think it will enhance our productivity and increase our profits.

Apply these "12.5 principles of sales greatness" to your work:

### **Principle 1: "Kick Your Own Ass"**

Are you sufficiently motivated to achieve sales success? If not, get out of sales as quickly as you can. You cannot get where you want to be in sales without inspiration, passion, hard work and self-determination. You must demand far more from yourself than any sales manager ever would. When things get slow, you must be ready, willing and able to kick your own butt, and get back on track. You alone are responsible for your success or lack of it. Never settle for anything less from yourself than your maximum effort.

### **Principle 2: "Prepare to Win or Lose to Someone Who Is" Prepared**

Great salespeople always ensure their success long before they make an actual call on a prospect or customer. Sales masters understand how crucial being fully prepared really is, particularly when they are visiting a potential purchaser. How do you get really ready? Learn everything about your prospect's company. This will help you understand what will truly motivate your prospect to buy what you hope to sell. Became a bona fide student of your target company. Read its annual report. Speak with its vendors, competitors, employees and customers. Check its Web site and request its marketing materials. The more information you possess about your prospects, the more successful you will be in selling to them. Just as Mom said, "Do your homework."

Principle 3: "Personal Branding Is Sales: It's Not Who You Know, It's Who Knows You" Your company has a brand that is vital to its continued success. But what is your personal brand? Understand one basic rule of sales: The customer always buys the salesperson before buying the product or service that he or she represents. You need an individual brand that makes you stand out. So, develop and enhance your personal image. Become an expert regarding not only your product or service, but also your field or industry. Plan and conduct your own personal outreach program. Position yourself so that your local business community will learn to know and respect you. Get out in front – and stay there.

*"Prospects must first believe in (and like) the messenger, or the message has no credibility."*

*"The workday starts the night before."*

*"To make the most of a networking event, spend 75% of your time with people you don't know."*

Principle 4: "It's All About Value, It's All About Relationship, It's Not All About Price" You want your prospects to stop beating you over the head about the issue of price? The best way to achieve that goal is to offer them true value. Do that and – like a savvy politician – you can change the terms of the debate. How do you offer value? Market yourself (and thus your product or service) by communicating to your prospects how they can increase their own sales, improve their own operations, and become more productive and profitable. Clearly establish your product or service's basic "value proposition," then communicate it to your prospects. Use bylined articles, media appearances and public speaking opportunities to assume a position of expertise within your marketplace. Develop credibility in the local business community so you can begin to call on CEOs, not purchasing agents. Organize your sales presentation so it shows exactly how your product or service will help your prospects make more money.

#### **Principle 5: "It's Not Work, it's Network"**

Few salespeople get rich by cold calling. On the other hand, salespeople who use networking often create fortunes. How do you network? Attend chamber of commerce events and events sponsored by your local business journal. Join a civic association or networking club. Become involved with a high-profile charity. Participate in your trade or professional association. Begin speaking at the local Toastmaster's club. Start singing at your local karaoke joint. Woody Allen said it best: "Ninety percent of success is showing up." Not enough time to network? Maybe you should find another line of work.

#### **Principle 6: "Get in Front of the Real Decision Maker"**

Put first things first. With prospects, the first thing you must do, before worrying about a presentation or getting an order, is to secure an appointment. When you are on the phone, don't talk product. Instead, talk appointment. Organize everything during your telephone call to close for the appointment. Remember: You can't sell people anything if you can't get in front of them. Just as important, ensure that the appointment is with the ultimate decision maker. If that's the CEO, then that's who you want to meet. So qualify, qualify, qualify. Find out who makes the final purchase decision, and then push hard for an appointment with that person. Of course, sometimes you must work your way up the chain of command. But never let an intermediary tell you that he or she will speak to the decision maker, and then get back to you on a purchase decision. This is an almost certain recipe for a big "No Sale." Always insist on being present when the decision maker rules on your product. After all, how can he or she make a judgment if you are not available to answer any important questions?

#### **Principle 7: "Engage Me and You Can Make Me Convince Myself"**

Effective salespeople know how to engage their prospects by asking intelligent questions. Ask stupid ones and you'll never sell anyone anything. Intelligent questions cover real concerns, such as company plans or goals, productivity, savings and profits. To relate to your prospects, ask "power questions" that make them stop and think. Lead into power questions with phrases such as: "What do your customers feel about...?" "What would be your most important productivity enhancement concerning...?" Avoid dumb questions, such as: "Are you the decision maker regarding...?" or "Can I provide you with a quote concerning...?"

#### **Principle 8: "If You Can Make Them Laugh, You Can Make Them Buy"**

Selling is a people business. If a prospect likes you, he or she is more likely to buy what you are promoting. Humor is a good way to get someone on your side. When people laugh, they become relaxed and their shields go down. Work hard to put a smile on your prospect's face. He or she will have a hard time turning you down. Avoid racy, off-color jokes, or anything concerning gender or ethnicity. In fact, don't tell jokes at all – tell humorous stories instead. Jokes are contrived but stories are real.

*"All things being equal, people want to do business with their friends."*

*"The less time you spend in other people's business, other people's problems, and other people's drama, the more time you'll have for your own success."*

*"Get fired up or get fired."*

**Principle 9: "Use Creativity to Differentiate and Dominate"**

Muster your creativity to separate yourself from your competition. A salesperson can put creativity to work immediately in three primary areas: 1) initial sales call questions; 2) personal branding items (voice mail, business cards, fax cover sheets); and 3) "stay-in-front" of the public activities (professional Web page, promotional e-mail messages and so on). Don't think that creativity is only for a select group of people who were born artsy. You can teach yourself to become creative. Study books on the subject. Check out Cracking Creativity by Michael Michalko or Six Thinking Hats by Edward de Bono.

*"If you offer no value, all that's left is price."*

**Principle 10: "Reduce Their Risk and You'll Convert Selling to Buying"**

Prospects are always wary about making purchases because they sense inherent risk. How do you identify their perceived risks, which may be blocking your sale? Consider – and try to eliminate – these potential risk roadblocks: "Financial" (Is it affordable?); "need" (Is this something we truly require?); "performance" (What if it doesn't do the job?); "service" (Will support be available when I need it?); "obsolescence" (What if another company introduces something better?); and "poor decision" (Will the CEO be angry if I purchase this?). Erase your client's sense of risk with reassurances. Help the client see that the rewards outweigh the risk.

Principle 11: "When You Say It about Yourself It's Bragging. When Someone Else Says It, It's Proof." Everyone hates braggarts, but everyone loves testimonials. A third-party who speaks well of you and your product is credible because he or she has nothing to gain. So how do you get a satisfied customer in front of your next prospect? What if you could put that person in your briefcase and take him or her with you on your sales call? You can – through videotape! Ask a satisfied customer to recommend your product or service, and then videotape his or her statement. Be sure that your video production values are top-notch. Of course, written testimonials help, too.

*"Don't sell the price.  
Don't sell the service.  
Sell the appointment."*

**Principle 12: "Antennas Up!"**

Antennae are paired appendages that insects and some other creatures use as sensory organs. They may help the animal sense air, motion, heat, vibrations, touch, and especially smell or taste. Similarly, great salespeople must always keep their antennae up so they sense, identify and exploit new opportunities. Always be aware of your surroundings. Are you catching every opportunity to engage a new prospect? Whenever you are out among people, you have the chance to network. The person that you meet at an out-of-town airport, a sporting event or a restaurant may one day become your best customer. Remember: A sales superstar is always selling no matter where he or she may be. Keep your antennae up when you are meeting or spending time with your customers or prospects. You want to know who in the room has influence? Who might stand in the way of your closing? And, of course, who is the primary decision maker – that is, who has the power to buy? To know the answers, keep your antennae extended.

*"When you have the pressure to sell, the prospect senses it and backs off."*

**Principle 12.5: "Resign Your Position as General Manager of the Universe"**

Psychologists know that given the opportunity, most of us tend to involve ourselves too much in the affairs of others. Usually prescribing solutions for other people's problems is much easier than solving your own. Unfortunately, this human tendency can limit salespeople's effectiveness. The more time you spend trying to solve other peoples' problems, the less time you are selling. So, get out of other folks' universes. Focus on your own universe and your sales will increase.

*"Which do you think a prospect wants, answers to their problems or your sales pitch?"*

**"More Red Sales Thinking"**

To heat up your sales, incorporate five more concepts into your professional development:

1. "The Little Salesman That Could" – For nearly 80 years, The Little Engine That Could has been a beloved children's classic. It tells the story of a small train huffing and puffing to climb a steep hill, and succeeding through sheer determination. This is the bedrock of sales. Believe in yourself, never quit, and you'll be a winner.
2. "The two most important words in selling" – They are "you" and "why." "You" because the customer must first be willing to buy you before he or she buys your product or services. And "why" because successful salespeople always strive to learn why customers are motivated to purchase something.
3. "The life-long learning formula" – Great salespeople never stop learning. Start your quest with attitude-boosting books by Dale Carnegie and Norman Vincent Peale.
4. "Implement the rule of 'The More'" – TV is a salesperson's greatest enemy. The more time you spend in front of the TV, the more your competition will clean your clock. Don't waste your time in unproductive pursuits.
5. "What does it take to become number one – and stay there?" – Be positive, confident, likable and dedicated. Always be honest and stay focused.

*"People don't buy for  
your reasons – they buy  
for their reasons – so  
find their reasons (their  
'why') first and sell them  
on that."*

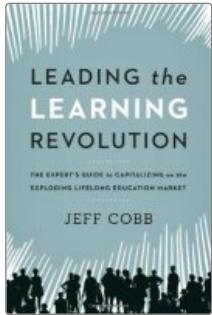
Now, re-read all these principles, "study each one...go back and make a game plan."

## About the Author

**Jeffrey Gitomer** is a best-selling author, columnist, sales trainer and business coach. His other books include *The Sales Bible* and *The Little Gold Book of Yes! Attitude*.

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Book

## Leading the Learning Revolution

The Expert's Guide to Capitalizing on the Exploding Lifelong Education Market

Jeff Cobb  
AMACOM, 2013  
[Buy the book](#)

Solid marketing principles also apply to promoting online education.

## Recommendation

E-learning expert Jeff Cobb details how to plan, develop and promote a profitable Internet curriculum for adult learners. This expert, comprehensive guide covers how to sell learning products and services online, how to use a variety of web tools to conduct market research, and how to vend almost any products and services via the Internet. Leaving no aspect of monetizing online education uncovered, Cobb also explains overall Internet marketing more effectively than most specialized sales guides. *getAbstract* recommends his knowledgeable, accessible manual to anyone who is seeking to sell products or services online – educational or otherwise.

### In this summary, you will learn

- What new online opportunities await entrepreneurs in the field of education
- How to capitalize on these opportunities by establishing a niche, targeting prospects, offering long-term value and forming lasting relationships

## Take-Aways

- Advances in technology make it relatively inexpensive to provide for-profit adult learning – outside of a classroom – worldwide.
- Entrepreneurial educators use the Internet to sell and present their courses.
- Educators must establish niches for their offerings, target appropriate prospects, offer long-term value and form lasting relationships.
- Product differentiation and competitive pricing challenge online educators.
- Online educational companies need a well-conceived business model with a strong value proposition.
- Web-education models include the “purpose × passion” basic course, introducing your programming with free content, virtual conferences and mass audience lectures.
- The potential market is vast: More than 70% of professional and trade associations offer continuing education courses online.
- Target prospects who can become your lifelong re-education customers.

- Always remind your clients exactly how the knowledge you offer benefits their lives.
- A good email list is the best tool for marketing educational products and services.

## Summary

*“Learning providers must be prepared to take some risks, make some leaps, to lead their learners to new and better places.”*

*“Even as unemployment surges, businesses are having a difficult time finding people with the types and levels of talents they need for open positions.”*

*“Nearly anyone with a decent computer, a high-speed Internet connection and expertise or access to expertise in a topic or skill set can reach a global audience in very sophisticated ways.”*

### **“Knowledge Economy”**

Change is the one reliable constant in today’s knowledge economy. The nature of work is in a perpetual state of rapid transformation. Working people must keep acquiring both new information and expertise continually to stay competitive and employable. This is as true for creative leaders whose work demands solid critical thinking as it is for all of their employees.

Contemporary industry will bypass those who fall out of date, but perpetual self-improvement requires a high degree of self-discipline and self-directedness. All workers must assume personal responsibility for enhancing their skills and developing their education. As everyone acknowledges and adjusts to the knowledge economy, it is mutating into a “learning economy.”

Anyone with a computer and an Internet connection can connect with and instruct people across the globe. Advances in technology – such as “low-cost, reliable web conferencing technologies” – make it feasible and relatively inexpensive to provide for-profit adult learning outside of a classroom. Corporate training departments now commonly offer e-learning. More than 70% of professional and trade associations now also offer some continuing education courses online.

### **Worthy Models**

Using basic web and video tools, hedge fund manager Salman Khan has produced more than 2,000 videos and has provided students with almost 150 million lessons. The founder of the Khan Academy, he started out in education intending only to teach his cousin. Today, teachers’ and students’ loyalty to Kahn’s educational materials testifies to their value. He embodies the two personal traits necessary to succeed as a specialized learning provider: ample expertise and a robust entrepreneurial spirit.

Stephen Downes and George Siemens initiated a “massive open online course” (MOOC), offering presentations incorporating “blogs, wikis, email and an open-source learning management system.” Thousands of people worldwide participated in the MOOC, the first of many of large-scale online activities staged by Downes and Siemens.

Multiplayer games also can become educational experiences. The Institute for the Future supervises various “serious games,” in which participants compete to develop intellectual solutions to pressing world problems such as global poverty. According to the Institute, this form of massive online participation promotes social learning.

When learning on the Internet, online students engage with their instructors and with each other via chat, “multiway video” and discussion boards. By providing commentary, online students also teach one another. Online instruction has become an accepted, expected staple at major colleges and universities. The renowned and respected Technology, Entertainment and Design (TED) conference recently premiered TED-Ed (<http://education.ted.com>), a special educational website.

*"You are much more likely to keep people's interest and build a long-term relationship with them if you are helping them rather than overtly selling to them."*

*"Millions of adults are going online each day and finding free content that meets specific learning needs."*

*"If you are an excellent teacher...you have the makings of an excellent marketer, and vice versa."*

*"An AdWord ad is like a very concise, miniature landing page."*

*"Technology...has so far had the most visible, obvious impact on how we perceive learning and education."*

## Your Market

Send online promotions for your educational product only to those who might become profitable long-term customers. Focus on the niche audience that wants your specialized expertise. Establishing a sustainable, long-term client base requires approximately 1,000 customers who become "true fans" – those who buy anything you produce, because they expect your materials to promote and sustain their professional growth. Securing the 1,000 customers who become your loyal following requires an initial prospect base of 50,000 to 100,000 individuals.

Perform simple Google key word searches that are relevant to your prospective educational products. For example, if you plan to teach entrepreneurs about cash flow, search "small business cash flow." Seek related Google ads and YouTube videos. Use Facebook, LinkedIn and Twitter. Set up a Google Alerts feed that gathers online information aligned to your search. To define your audience, use SocialMention as a social media search tool and SurveyMonkey to complete online surveys.

Once you have an idea of your target market, place a test ad on Google. Start out with a "minimum viable product." Develop an "always in beta" mentality" about product development. Don't invest a lot of time and money developing your educational products until you have a solid base of prospects – a "minimal viable audience."

For online marketing, offer a solid customer incentive on your website's landing page, which should also feature a call to action. Buy an appropriate email list for your marketing. MailChimp provides free lists of up to 2,000 names. Constant Contact is another popular email list vendor. Your marketing research activities can be summed up as: "listening, asking and testing."

## Business Models

Select a sound business model for your educational products and services enterprise. Your model should cover various options for creating and sustaining revenue. Popular business models for educational enterprises include:

- **"The P<sup>2</sup> community model"** – Use this model to teach basic skills that always need updating. P<sup>2</sup> stands for "purpose × passion," the base prime for educational activity with ongoing renewals. Your online community needs both purpose and passion in order to coalesce. Take the A-List Blogging Bootcamp established by Leo Babauta. It offers an Internet course that teaches people how to become power bloggers. Another is the Sci-Mind initiative, which incorporates "self-paced learning content" supplemented by expert assistance and peer-to-peer learning.
- **"The flipped model"** – Educational entrepreneurs use this model to offer valuable free educational content to establish their subject expertise before they attempt to charge for their educational products. This model enables you to establish strong brand awareness and develop client loyalty before you sell.
- **"The virtual conference model"** – This model utilizes advanced webinar or webcast programming that enables learners to attend educational conferences through the Internet in their homes or offices. Some organizations sponsoring conventional educational conferences worry that virtual conferences will gut their customer attendance numbers, but marketplace experience does not support this concern.
- **"The massive model"** – Use this Internet-based model to communicate from your computer to millions of people across the planet at virtually no cost. Educators today can reach 10,000 people as easily as they can access a classroom of 20 students. "Massive learning experiences" involve educational content assembled by experts and presented over the Internet to vast numbers of students. These learning experiences are collaborative, as students naturally form their own commentary groups.

## Differentiation

The plethora of free information on the Internet makes competing as a cyberspace educational service difficult. To avoid cutting your prices, develop a brand that clients want. An online educator's product differentiation requires you to:

- **Be distinctive** – Generate unique content or package familiar content in a new way.
- **Be “memorable”** – Do something your students will never forget.
- **Generate buzz** – Get people to talk about you.
- **“Exploit your strengths”** – Identify what you do best. Have an outsider give you an objective appraisal.
- **“Redefine your market”** – Imbue your product with your personality; make sure your prospects know that your work springs from your heart and is unique.
- **“Set the standard”** – Learn from the example of the Project Management Institute, which became known as the gold standard for project management through its professional certification program. TED achieved similar stature by holding “creativity, design and innovation” conferences.
- **“Be contrarian”** – Most software firms constantly introduce new features. In contrast, 37signals succeeds with only a few software products offering minimal features. Don't try to be all things to all clients. Develop and be proud of your niche.
- **“Create a story”** – Starbucks successfully established a flattering story about its customers, portraying them as sophisticated people who understand the value of an elegant “European-style coffee experience.” Frame your offerings so your clients feel as if they are part of a special community.
- **“Imitate strategically”** – Successful firms often copycat, patterning their products and image after the designs of originating companies.
- **“Adapt creatively”** – Gary Vaynerchuk built his family's liquor business from \$4 million to \$60 million-plus per year by creating Wine Library TV. He developed a loyal following for this online educational venture showcasing his wine expertise.

*“It is rare for organizations that offer lifelong learning opportunities to actually measure whether learning has happened, and whether knowledge and skills have been retained.”*

*“Game play on a large scale is one of the most effective mechanisms we have for broad societal learning and change.”*

*“There is and will continue to be a lack off sufficiently educated people entering the US economy in the foreseeable future.”*

*“As you consider your market, don't think in terms of transactions; think in terms of relationships.”*

Work from specific learning objectives, such as, how to use your firm's financial reports and files to “identify and document potential revenue recognition problems.” Combine the right objectives with sound instruction to give your clients what they want and need. Help them understand how the knowledge you offer benefits them. Edit your instructional materials down to their minimal essence. Repeat the most basic, crucial information over and over. Segment your material into memorable chunks. Use multimedia – videos, cartoons, animated graphics, photographs and music. Actively involve your students by providing “checklists, worksheets and other tools.”

Sophisticated tools available for creating online learning materials include WordPress for blogging and Adobe Fireworks for image editing. For online video, purchase a digital video camera with audio capabilities. Set up a separate digital audio recorder to capture sound. The Jing tool from TechSmith excels at “screencasting” – capturing what appears on your computer screen. Work with a single platform that can handle your webinars and webcasts. Great “rapid course creation tools” include TechSmith's Camtasia and Articulate's Rapid E-Learning Studio. Your clients must be able to access your materials from your website; WordPress also works well as your online platform for this purpose. Choose a high-quality learning management system that provides advanced credit and integration options. No matter which tools you employ to develop your educational content, maintain full editorial control.

*"Convenience and relevance ... have now become much more central to the value proposition of educational products and services than they have ever been before."*

*"It is simply hard to beat the convenience of staying in your office or at home while still getting access to great content and interaction with peers."*

Most learning takes place informally. To stay uppermost in the minds of your true fans, especially between online learning sessions, reach out to them through your educational content, such as blogs, surveys, pop quizzes and such. Use email to stay in touch with your learning clients and to promote your products. The well-known AIDA formula – “attention, interest, desire and action” – applies as much to the marketing of educational products as to any product category.

Your goal as an online educator is to make a positive and lasting impact on your clients’ lives and work. Use such products as the Mozilla Open Badges project to test whether your clients learn the lessons of your online courses. Adapt your materials to ensure that they do.

### **Develop a “Learning Platform”**

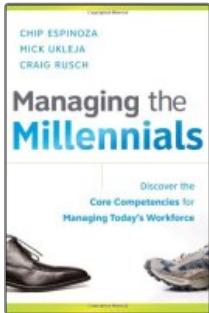
Develop long-term relationships with your clientele. Provide them with opportunities for meaningful change “in knowledge, in skills, in behavior.” To build a long-term clientele, create a learning platform for your prospects. Your learning platform provides the basis for building client trust.

Learn who your students are. Engage and empower them so your educational offerings become an essential component of their lives. Become a change agent – and a learning leader – for your online community. When that happens, you exemplify the essence of social learning and your company will thrive.

## **About the Author**

**Jeff Cobb**, founder of Tagoras – a consulting firm specializing in continuing education – was co-founder and CEO of the e-learning organization Isoph and senior vice president of Quisic.

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Book

## Managing the Millennials

Discover the Core Competencies for Managing Today's Workforce

Chip Espinoza, Mick Ukleja and Craig Rusch

Wiley, 2010

[Buy the book](#)

Of course, you're not old. But if you were born before 1978, you need some new management techniques.

## Recommendation

Those difficult 20-somethings in your workforce address the CEO by first name, talk out of turn in meetings, and show up late but gladly pull all-nighters. They bristle at your suggestions but thrive on complex challenges. They're special – that's what their parents and teachers always told them. They're the Millennials, complex, multitasking, technologically savvy, exasperating, bright but entitled new employees entering the workforce by the millions. Consultants and professors Chip Espinoza, Mick Ukleja and Craig Rusch offer tactics and strategies for managers confused by this unpredictable generation. Though the authors don't mind painting this or any other generations with a very broad brush, they still present much useful advice. *getAbstract* suggests throwing out the rule book and adopting the authors' nine strategies for getting the most out of your youngest workers.

### In this summary, you will learn

- How Millennials differ from earlier generations
- Which differences create tension at work
- What nine best practices you can use to manage Millennials

### Take-Aways

- Millennials have different expectations about work than their predecessors. To maximize their potential, practice these nine core management competencies:
- First, show flexibility by working with “autonomous” Millennials on mutual goals.
- Second, use affirmation and positive feedback as incentives for “entitled” Millennials.
- Third, provide the freedom for these “imaginative” workers to express themselves.
- Fourth, develop relationships to engage “self-absorbed” Millennials.
- Fifth, disarm their “defensiveness” by focusing on their achievements.

- Sixth, separate yourself from Millennials' "abrasiveness," and don't take it personally.
- Seventh, mentor them even if they are "myopic" about the results of their actions.
- Eighth, "unfocused" Millennials think they are multitasking. Issue clear directions.
- Ninth, motivate "indifferent" Millennials by helping them find meaning in their work.

## Summary

*"Managers cannot bring themselves to believe that someone can listen to an iPod, manage their fantasy football team and be focused on work at the same time."*

*"It is fascinating that each generation has a set of values, attitudes and beliefs that inform their behavior."*

*"Millennials are the first generation that can access information without an authority figure."*

### Generation Traits and Gaps

Millennials form the "most educated and technologically savvy generation ever." Their parents sheltered them and gave their lives structure. The US workforce now includes 31 million Millennials, and that number will increase steadily in the next five years. When people of the same age experience high-impact events, they develop a similar mind-set that shapes lifelong perspectives and values.

People born between 1925 and 1945 form the Builders generation and were shaped by The Great Depression, Roosevelt's presidency, World War II and its aftermath. They respect authority, value a strong work ethic and expect to wait for rewards. Builders often worked for one company their entire careers.

Following the Builders came the Baby Boomers, the more than 80 million Americans born between 1946 and 1964. They experienced the emergence of television and rock and roll, the Vietnam conflict, the civil rights and the women's movements. For Boomers, work is about accumulating material wealth and creating a professional identity.

Arriving between 1965 and 1977, Generation Xers – 38 million strong – bridge Baby Boomers and Millennials. They grew up with video games, MTV and computers. Two working parents, a high divorce rate, AIDS and a lack of corporate loyalty shaped the lives of Gen Xers. They value independence, mobility and work-life balance.

From 1978 onward came the Millennials, a generation weaned on technology, social media and iPods. They were praised by their parents for every accomplishment. Millennials have high opinions of their own capabilities and high expectations of their employers. They want direct input, creative challenges, immediate feedback and instant autonomy. Traditional management techniques will fail with this staff segment.

To remain relevant, strong and vital, companies must understand and motivate Millennials. Every new generation questions authority, seeks alternative paths and upsets the status quo. However, Millennials are unique: They don't need their elders to provide information; the world's knowledge awaits them at the click of a mouse.

### Effective Millennial Management

"My way or the highway" won't work with Millennials. Today's effective managers create an environment in which Millennials can adjust and succeed. They strive to see things from the Millennials' point of view and "suspend the bias of their own experience."

Working well with Millennials requires an adaptive management style, rather than forcing Millennial employees to change. Confidently seek common ground, allowing subordinates to question and challenge you openly. Forge relationships

with your 20-something employees, and honor your role as a mentor and enabler. When managers understand the motivation behind Millennials' perceptions, they can build bridges of trust within their departments. Successful managers practice nine core competencies to get the best from Millennials:

*"They do not know how to fail because they were never allowed to fail."*

*"The familiarity that Millennials exercise is perceived by many managers to be a lack of respect for position and titles."*

*"One of the quickest ways to turn Millennials off is to invite their participation and not really mean it."*

*"You have to help Millennials find a reason to care."*

#### **1. “Flexing with the Autonomous”**

Millennials prioritize work-life balance, so their managers must be flexible. Millennials will not sacrifice everything at the career altar. They will switch companies before abandoning their personal interests. Managers attempting to mold Millennials in their image will fail. Many managers place the onus of making sacrifices on new employees instead of learning to be flexible. After all, managers put in years of hard work and feel younger employees should listen to and respect them. They find Millennials undependable; they know younger employees might vanish during rigorous training or tough times.

“Flexing” does not mean allowing employees to call the shots. Flexing refers to initiating conversations with Millennials about how you can work together toward mutual goals. These conversations generate a relationship in which managers can share their knowledge and experience with new hires. A willingness to be flexible in scheduling, methods and approaches gives Millennials a sense of autonomy as they meet their obligations.

#### **2. “Incenting the Entitled”**

Because Millennials feel entitled and value rewards, managers must offer incentives. Employee reward and recognition programs are nothing new. But the “entitlement orientation” managers perceive in young employees can cause conflict. As one manager commented, “We just didn’t have the expectations Millennials do or, if we did, we would never verbalize them.”

Millennials thrive on affirmation and positive feedback. They received both throughout their childhoods, and they expect both in the workplace. Yet they disdain employee-of-the-month programs, plaques or titles. They want to receive something they value, and they want it right away. However, getting a trophy just for showing up is a policy best left on the soccer fields of their youth. Take three steps to institute effective incentive programs for Millennials:

1. Develop incentives Millennials value.
2. Enumerate clear and specific required goals.
3. Assess their performance in a transparent, fair and timely manner.

#### **3. “Cultivating the Imaginative”**

Millennials are imaginative and emphasize self-expression, so their managers must cultivate their natural propensity for thinking outside the box. They’re not change-averse and they flourish when creating, innovating or problem solving. But creativity seldom thrives in environments constrained by processes and procedures. Managers who grant Millennials freedom to be imaginative, unhampered by organizational policies, will reap the benefits.

Millennials get bored quickly, so offer new tasks, and allow them to have fun while they work on projects. This generation draws no line between work and play. Don’t ask for their input unless you’re ready to respond to it. Millennials are easily frustrated if you don’t incorporate their ideas, but become energized and motivated when you do.

#### **4. “Engaging the Self-Absorbed”**

Self-absorbed Millennials expect attention. Their managers must engage them. Because their parents emphasized nurturing rather than training, Millennials grew up in an atmosphere of attention and affirmation. At work, they expect managers to assume the supportive roles once held by mom and dad. Previous

*"What they want is for you to be who you are, and for you to like them."*

*"Though Millennials value simplicity, they are not simplistic."*

*"The idea that leaders and managers are going to change members of the current generation into what they want them to be is a strategy destined for failure."*

*"Tapping into Millennial creativity and the energy that accompanies it can be both incredibly satisfying and productive."*

generations understood that their wants and needs were secondary to those of the organization. Millennials work under no such assumptions. One manager explained, “[My boss] just told me what was expected of me, and if I couldn’t do it, they would get someone who could.”

Managers will get the most from their young staffers by showing an interest in them, finding common ground and soliciting their input. You shouldn’t become their drinking buddies, but try, within limits, to engage them on a personal level. This runs contrary to traditional management practices that eschew building personal relationships with subordinates. However, Millennials work much harder for – and are more loyal to – managers they like and who like them in return.

### **5. “Disarming the Defensive”**

Millennials are defensive and prioritize achievement. Managers must disarm their low threshold for negative feedback. When Millennials hit bumps during their childhood, their “helicopter” parents swooped in to their rescue. Human resources departments report that it’s not unusual to hear from parents of Millennials who receive a less than stellar evaluation. Older managers of today credit their success to superiors who occasionally got tough with them. They have a hard time understanding why Millennials wither under this approach.

When these workplace novices receive criticism or constructive critiques, they respond defensively, shifting responsibility, assigning blame or becoming hurt and angry. Managers can defuse defensiveness in 20-something employees by applying the following seven techniques:

- Don’t argue.
- Recognize their emotions, grant their points and honor their competence.
- Rather than bargain over blame, discuss mutual problem solving.
- Avoid embarrassing them or hurting their pride.
- Give them a chance to offer “constructive criticism.”
- Tell them how much you value your work relationship with them.
- There is no “win”; your goal is a more effective workplace.

### **6. “Self-Differentiating from the Abrasive”**

Millennials can be unknowingly abrasive, but they value informal give-and-take, so managers cannot take their cockiness personally. Baby Boomers questioned authority and challenged traditional ways of conducting business. They raised their children as equals, encouraging them to speak up and giving weight to their input. So, unsurprisingly, their offspring resist kowtowing to higher-ups. Millennials speak their minds in meetings, address bosses by their first names and question instructions. Managers often perceive this overly familiar communication style as rude. Department heads able to self-differentiate – that is, separate their professional position from their selfhood – better maintain their equilibrium and manage more effectively.

### **7. “Broadening the Myopic”**

Millennial employees can be short-sighted about the consequences of their actions. Good managers teach or mentor via broadening – taking advantage of daily situations to facilitate the learning – and thus help Millennials connect their job responsibilities to the overall goals of the organization. Because Millennials enjoy creative thinking and problem solving, utilizing exercises as teaching tools can also be effective. For example, the “consequential thinking model” requires listing three approaches to a challenge and considering three possible outcomes. Generating scenarios and thinking through possibilities helps Millennials connect the dots between their actions and resulting potential consequences.

*"The best way to reduce tension is to communicate."*

*"An organization's future vitality is dependent on its ability to attract, retain, motivate and develop Millennials."*

### 8. "Directing the Unfocused"

Millennials pride themselves on their multitasking ability, but managers can find their behavior fractured and unfocused. Both groups benefit when managers provide a high level of direction and then let young employees apply their know-how. Millennials dislike ambiguity and respond best to clear and detailed instructions. Don't leave anything unspoken – assuming that it falls under the category of common sense – because these employees do not share your frame of reference. Issue concise directions that cover the what, where, when and how of the task at hand. Provide timely feedback on the results. How to instruct Millennials:

- Don't assume they understand your directions: "Ask clarifying questions."
- Quickly provide feedback in conversation and as per company procedures.
- When you know they know what you want, let them go do it.
- Make sure everyone understands the goals and necessary outcomes.

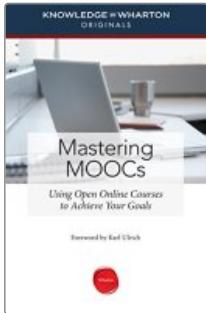
### 9. "Motivating the Indifferent"

Millennials need to find meaning in their work. For them, a paycheck means less than valuing what they do. Once they understand the role a task or responsibility plays in the greater scheme, they are happy to comply. You can motivate Millennials by showing them that their work matters.

## About the Authors

**Chip Espinoza** teaches leadership seminars and heads GeNext Consulting. **Mick Ukleja** is founder and president of LeadershipTraQ. **Craig Rusch** teaches anthropology at Vanguard University in California.

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Book

## Mastering MOOCs

Using Open Online Courses to Achieve Your Goals

Karl Ulrich

Wharton Digital Press, 2015

Buy the book

Prestigious universities offer top-flight, mostly free MOOCs – massive open online courses.

## Recommendation

Prestigious universities offer many, top-flight massive open online courses (MOOCs), and most of them are free to the public. MOOCs are a new and exciting development in distance learning. Now you have access to the level of education offered at top universities and to classes such as Contract Law: From Trust to Promise to Contract and Fundamentals of Neuroscience from Harvard, Introduction to Negotiation from Yale, and Calculus and Principles of Synthetic Biology from MIT. Millions of online students participate in MOOCs. *Knowledge@Wharton*, the online business journal of University of Pennsylvania's Wharton School of Business, produced this useful MOOC manual: a superb, hands-on guide that explains how online learners can get the most from these classes. *getAbstract* recommends this timely, useful e-book to anyone intrigued by – or already participating in – online learning.

## In this summary, you will learn

- How massive open online courses (MOOCs) work
- Who offers them
- What they cost
- What they require
- What benefits they offer

## Take-Aways

- Hundreds of prestigious universities offer massive open online courses (MOOCs) on a variety of educational subjects – and most are free to the public.
- Some MOOCs involve optional completion certificates that cost nominal fees.
- Millions of learners partake of MOOCs.
- MOOC students face no entry or participation requirements.
- Anyone with a computer, browser and adequate web connection can join a MOOC.
- Learners take part in MOOCs according to their own needs and schedules.

- Most learners spend four to six hours weekly on MOOC study and related work.
- Learners sign up for MOOCs to expand their skills, increase their knowledge, enhance their professional credentials, refresh their memories and solve business problems.
- MOOCs require self-direction, self-discipline and the desire to learn.
- Online reviews and critiques help learners evaluate MOOCs.

## Summary

*"The rise of MOOCs has made it possible for people across the world to learn concepts and topics that just a few years ago could only be accessed by students in elite universities."*

*"Independent learning is difficult, but you can learn from a MOOC...It's not a degree, but you learn things that can be applied immediately."*  
*(Deidre Woods,  
 University of Pennsylvania)*

*"The best MOOCs are academically challenging, especially if the course is in a new field for the learner."*

### The Value of MOOCs

Max Buckley was close to graduating from Ireland's Cork Institute of Technology when he learned about massive open online courses (MOOCs). A business administration student, Buckley wanted to broaden his knowledge about up-to-date technology and computers. He signed up for MIT's free Circuits and Electronics MOOC. Although he couldn't finish the course because of his final exams at Cork, he loved the online-learning experience and enrolled in more MOOC computer-programming courses offered by some of the world's most prestigious universities.

Buckley was already enrolled in a data-analysis course when he interviewed for a Google internship. The Google staffer interviewing him was enrolled in the same MOOC. Buckley won the internship, and Google later hired him full-time. Today, Buckley is a Google product-quality analyst. Buckley and his interviewer shared the experience of self-directed learning. Enrolling in MOOCs doesn't guarantee anyone a job, of course, but Buckley's tale illustrates how much learners with the necessary "time, commitment and Internet connection" can gain when they enroll in MOOCs.

Many universities offer MOOCs in conjunction with educational technology firms such as edX and Coursera. To illustrate how this works, if you enroll in a MOOC at the University of California, Berkeley, you take the course through the edX website. EdSurge reports that more than 400 universities now offer an estimated 2,400 different MOOCs, mostly for free and in "more than a dozen" languages.

### At Your Convenience

Online learning has been around since the early 1980s. However, the earliest efforts failed due to the limits of technology at the time. The availability of "low-cost, high-bandwidth Internet connections" and cloud computing launched MOOCs like a rocket. MOOCs don't demand special admission requirements or prerequisites. There is no application process. Most MOOCs don't take as long to complete as typical college courses. Students can view classes any time and on any schedule. MOOCs eliminate many of the barriers between learners and new knowledge.

### Millions of Online Learners

Colleges make MOOCs available on the web so people around the globe, in the largest possible numbers, can take advantage of them, usually at no cost. Since their introduction, millions of online learners have participated in MOOCs, which became extremely popular by 2012.

Some MOOCs do charge "learners" – the preferred MOOC term instead of "students" – small fees for certificates they can use to prove that they completed a course satisfactorily. For around \$50, edX and Coursera provide learners with certificates of completion. For a monthly fee to Udacity, learners receive a "verified certificate" and office-hour access to coaches and instructors.

*“Even the most casual use of [MOOCs] takes a certain level of self-direction, an ability to learn independently and a dedication that not everyone can provide.”*

*“MOOCs aren’t a substitute for college credit, but they...provide a more immersive learning experience than other solo options, such as picking up a textbook.”*

*“MOOC providers are increasingly making their courses mobile-friendly.”*

*“MOOCs may be shorter and somewhat less rigorous than traditional college courses, but that doesn’t mean they don’t require a time commitment.”*

Because MOOCs generally provide excellent learning experiences developed by world-class universities and renowned professors, they offer a substantial return on the investment of your time. Some learners report that they have earned higher wages thanks to taking MOOCs.

### **Components and Characteristics**

Besides standard educational components such as video lectures, online quizzes and reading assignments, MOOCs feature interactive forums where students and professors communicate electronically. Learners grade all MOOC assignments.

On an educational spectrum, a MOOC lines up “somewhere between a textbook and a college course.” Many businesspeople take MOOCs to develop their knowledge and skills, to enhance their professional credentials, to secure helpful background knowledge for running or starting a business, or to accomplish similar purposes. Others turn to MOOCs to gain the information they need to fix outstanding business problems or to upgrade the skills of their team members.

Some learners take MOOCs for recreation or to satisfy their intellectual curiosity. However, businesspeople who want to stay competitive must maintain their skills. MOOCs are ideal for this purpose. They provide résumé-enhancing quality information and a superior learning experience. As MOOCs have become increasingly popular, more managers have begun to accept them as legitimate professional credentials.

### **Basic Requirements**

Thanks to the availability of MOOCs, anyone anywhere with a sufficiently robust Internet connection, adequate computer processing power and a quality browser can acquire valuable knowledge in an efficient format. Such information previously was available only to university students. The typical MOOC requires four to six hours of study and learning per week. However, the courses aren’t always easy and can be quite challenging.

### **Learning Alternatives**

MOOCs represent only one option among many for those who want to add to their education. These courses involve greater interaction than simply studying a book. However, they aren’t as immersive as the typical classroom experience. MOOCs can’t replace the rich educational experience of a traditional college education or measure up to MBA programs, which offer constant networking opportunities and special cachet. However, “industry-specific educational” programs can prove valuable in addition to traditional educational options.

MOOCs can serve as a portal to more in-depth learning alternatives. They are useful for learners who want to investigate different areas of knowledge to determine if they are interested in further study that involves a greater commitment and a more comprehensive educational experience. MOOCs enable learners to test the waters of an area of study without a big financial commitment.

### **Multiple Educational Choices**

MOOCs cover an incredibly diverse range of engaging topics. Usually, you can find a course on whatever subject you want. “A lot of information that wasn’t available before is out there now,” says Piotr Mitros of edX. He explains, “In most cases, these advanced courses were created by one professor...for a very small class.”

Consider these MOOCs: Buddhist Meditation and the Modern World, from the University of Virginia via Coursera; The Ethics of Eating, from Cornell University via edX; Foundations of e-Commerce, from the Nanyang Technological University through Coursera; and Financial Analysis of Entrepreneurial Ideas, from Babson College’s Babson Global via NovoED.

*“Although the average workload for a MOOC hovers around four to six hours a week, the time required can vary greatly.”*

*“Many MOOCs archive materials online after the course has ended... giving learners the chance to review key takeaways, check a reference or review video segments.”*

*“It becomes a question of choosing among many books in the library.”  
(MacArthur Fellow Daphne Koller, Coursera president and co-founder)*

*“For MOOC learners seeking personal enrichment and those looking to improve their professional skills, the spectrum of courses is broad, and...can be a bit overwhelming.”*

With the huge number of choices now available, selecting the right MOOC can be a challenge. Expect to spend time – and considerable trial and error – investigating a variety of MOOCs before settling on one that will work best for you.

Rely on your peers for guidance. Former learners usually post reviews and critiques of MOOCs. Additionally, most MOOCs have landing pages that offer useful course information and guidance. These often include sample videos from the course and information about its time requirements. Whichever course you choose, be sure to set aside a sufficient amount of time for your MOOC studies. Be ready to increase your time allotment, if necessary. For a successful MOOC, also consider these tips:

- To benefit from your MOOC, make sure you commit sufficiently to doing the work. Plan when and where you will study. Once you set your MOOC schedule, stick to it.
- Determine if you will need a successful completion certificate or some other type of recognition. These certificates demonstrate that you did everything necessary to gain the requisite knowledge from your course.
- Check that your computer, browser and web connection can handle the MOOC you plan to take. If you intend to access the Internet through a mobile device, find out if it is compatible with the MOOC you want. “All computers and Internet connections are not created equal, so check the MOOC’s provider tech requirements in their frequently-asked-questions section.”
- You may find that the MOOC that interests you doesn’t deliver all the knowledge you seek. If so, search out supplementary MOOCs to fill in any information gaps.
- Ask your relatives and friends to support your MOOC learning efforts.

### **Your Fellow Students**

Often, you gain the most from a MOOC by connecting with other people in your course. Communicate with them regularly through the learners’ forum or social media. MOOC learners who live near each other often can set up mutually beneficial “study groups.” Your peers can help you understand your course material and its applications.

Use your completed MOOC as a starting point for more education, whether through additional MOOCs, books, traditional college courses or other training options.

### **Movable Goes to Wharton**

Mike Belsito is director of product and strategy for Movable, a health and fitness start-up firm. The company’s primary product is the Moviband, a personal-fitness tracker. Belsito wanted to learn about gamification and how it might enhance his users’ experience. He signed up for a Wharton gamification MOOC and sent an email to his employees about the course asking, “Who wants to go to Wharton with me?”

Nearly a third of his 25 employees signed up to watch the lectures as a group. They discussed the class after the lectures. Besides encouraging his employees to participate in the gamification MOOC, Belsito also gave them books on the subject. He appreciates the value of MOOCs for his own education and for educating his team members.

Thanks to the Wharton MOOC, Movable employees learned more about developing an attractive user platform. More firms like Movable have come to see MOOCs as valuable employee training and learning options. Guidelines for bringing your employees to MOOCs include:

*"There are three types of MOOC learners: those who are just browsing, those who want to view the material but won't do the homework, and those who will do...the work and complete the course." (Professor Karl Ulrich, Wharton)*

- Don't force MOOCs on employees. Promote MOOCs as available training options, along with books, seminars and specialized individual training.
- Utilize handouts and vocabulary or conceptual guides for your MOOC. This ensures that everyone on your team works from the same information.
- Enroll in the same MOOC as your team members, so you share the same learning experience.
- Tie the MOOC course closely to specific problems your team needs to solve. Use team meetings to discuss the relevance of the MOOC to pressing business issues.

### The Right MOOC

While MOOCs can be of immense value, make sure they meet your specific educational goals before you join. MOOCs are not suitable for everyone. They require dedication, self-direction and the desire to learn on your own. Consider two other crucial points to ensure that the MOOC you choose will be right for you:

1. **"Map your goals"** – Decide what you hope to achieve when you choose a specific MOOC. Do you want to learn specialized new knowledge, develop a new skill, improve your existing skills or simply satisfy your intellectual curiosity? Choose the MOOC that will help you attain your goals.
2. **"Look for immediate, practical applications for your lessons"** – Will your MOOC help you to enhance your professional abilities? Determine how to make practical use of your new expertise. Consider how the members of your team may also benefit.

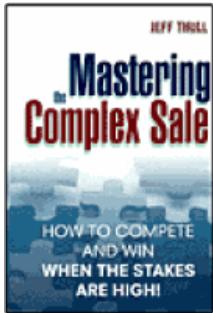
*Each class "felt like a full semester, not just a seminar and an overview. I was being delivered great information." (Antonia Brent Smith, MBA, MOOC student)*

## About the Author

**Knowledge@Wharton** is the online business analysis journal of the Wharton School of Business at the University of Pennsylvania. It publishes a global edition in English and regional editions in Spanish, Portuguese, Simplified Chinese and Traditional Chinese.

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Book

## Mastering the Complex Sale

How to Compete and Win When The Stakes are High!

Jeff Thull

Wiley, 2003

[Buy the book](#)

Very complex sales don't require a flashy personality or a big presentation — a tough, customer-focused method will do.

## Recommendation

This excellent guide explains a methodology that can help anyone in sales. This sales approach depends essentially on seeing the sale through the customer's eyes, and involving the customer in designing a solution to his or her own problems. This approach goes against some standard practices in sales, but those standard practices antagonize customers and build distrust. Author Jeff Thull offers helpful reminders on the value of researching individual customers, picking the right entry point to an organization and other best practices. However, he sometimes seems over-enthusiastic and over-optimistic about his system's infallibility. After all, in some organizations, sales people who tried to follow this methodology would be criticized for failing to meet more conventional targets, such as number of calls per week. This detailed method for conquering many-level, multi-step sales is time and research-intensive, but highly effective. *getAbstract.com* applauds his emphasis on the value of asking and listening instead of speaking. Highly recommended.

## In this summary, you will learn

- how to develop strategies for high-stakes, complicated sales

## Take-Aways

- Selling is more challenging in this era of commoditization and complexity.
- Selling means managing decisions, change, expectations and relationships.
- Don't focus on transactions - focus on relationships.
- Sell with a system - an organized set of steps.
- Profile the ideal customer, and match real customers with the profile.
- Asking questions is more powerful than telling stories.
- Put yourself in the customer's shoes - would you do what you are proposing?
- Sales systems trump sales personalities.
- Analyze and measure performance.
- Learn from mistakes and be flexible when circumstances change.

# Summary

*"Presentations that are too early in complex decisions are largely a waste of time."*

*"Customers attempt to make the complex understandable by weighing those elements that vendors' offerings have in common and eliminating those elements that do not fit neatly onto an oversimplified comparison chart."*

*"You gain more credibility from the questions you ask than the stories you tell."*

## Selling: The Eras

Within the past 50 to 60 years, selling has passed through three eras:

- The script era - During the 1950s, the salesperson worked on techniques to manipulate the customer into doing what the salesperson wanted done. Sales training focused on making the case, parrying the objections and going for the close. Except in telemarketing and used cars sales, this approach to selling is virtually extinct.
- The problem solver era - In the 1970s, sales training materials began to emphasize listening, building confidence and developing a relationship. Instead of a manipulative persuader, the salesperson became a problem solver. This approach to selling survived and laid the foundation of much of contemporary selling strategy. But it was only a beginning. Because many sales people now practice it, it isn't a differentiating approach in itself. Moreover, its emphasis on asking questions and listening for answers implicitly assumes that customers really know what they need. That isn't always true. Many problems are so complex that customers don't understand them.
- The consultant era - In this era, our contemporary era, the salesperson brings the customer business ideas and solutions that the customer would never have thought of without help. The sales representative solves problems both for the customer and for his or her own firm. The sales person has to think in terms of cost-benefit for the employer and for the customer.

## Change with the Changing World

The world is changing. Business is getting more competitive. Products and services are losing their uniqueness and becoming commodities. Margins are shrinking. Companies attempt to compete by offering more complex customized or targeted products, thus increasing the complexity of the product market. The good news is that excellent salespeople have career security, since it takes excellent people to understand and explain complex new products and services. The bad news is twofold: 1) complexity confuses customers; and 2) even complex products and services suffer from commoditization.

Complex sales have several common characteristics. First, the customer is generally a business (B2B) or a government entity (B2G). The sales have multiplicity, that is, they involve many people, perspectives and geographies. They also require a major investment from the seller and a long sales cycle. For example, sales work began almost a decade before Lockheed Martin's \$200 billion defense contract was awarded in October, 2001. Selling involved the U.S. and the U.K air forces and other NATO allies. This sale's eventual top line might approach \$1 trillion. Perhaps such defense projects are immune from commoditization - perhaps. But elsewhere, commoditization and complexity continue to pressure business.

Technology and communications advances put even complex products under commodity price pressure. Not long ago, a computer was a complex B2B or B2G product. Manufacturers had big, expert sales forces. But as computers became ubiquitous, they became commodities. Now, the computer sales model is Dell's - customers buy online, configuring their own systems and shopping for price.

Meanwhile, the business environment drives complexity. Flat, decentralized organizations make it harder to identify a prime decision-maker. Financial issues are often as important (and as complex) as technical issues. Globalization puts more countries and cultures in the mix. Customers are tightening supply chains

*"Spectacular success is always preceded by unspectacular preparation."*

*"The complex sale requires salespeople who are experts in the problems customers face and their solutions."*

*"Never put anything in the proposal that the customer has not already agreed to and confirmed."*

and demanding closer relationships, but don't seem to be willing to pay a premium price for relationships. Suppliers compete by innovating, but their innovations may go far beyond what customers actually need. The world is getting more complex and more competitive. Yet, many sales organizations remain mired in old ruts. In their hearts, many salespeople are nostalgic for the old "script era" of half a century ago. They want to find a prospect, make a pitch and close a sale. But that's not how life works any more. Using the old process to deal with today's complex sales runs you right into three traps:

- The trap of assumption - Conventional approaches assume that the salesperson can learn the customer's objectives, priorities, needs, criteria and so on, just by asking. This assumes further that the customer has a good, sound decision-making process. That may be far from true. Customers may not be able to analyze, evaluate and compare features and benefits on complex products and services they purchase infrequently. Some customers may, but many may not.
- The trap of presentation - Sales organizations focus on presenting. But presentations generally aren't very effective. They amount to one-sided lectures that put scant focus on the customer and usually look very much like each other.
- The trap of arguing with the customer - When customers raise objections, salespeople naturally try to counter them. Countering objections was a fundamental component of Script Era selling. But countering objections on a complex sale is a slippery slope that leads to an adversarial struggle with the customer. The frustration of complexity, misunderstanding and, inevitably, miscommunication sets up a dangerous dynamic.

### **Methodical Selling**

The best sales people, the top performers, don't do things the same old, stale, ineffective way. Top performers have a sales methodology that consists of system, skill and discipline:

- System means an organized approach with steps and procedures.
- Skill is a combination of ability, knowledge, tools and techniques.
- Discipline is a mental and emotional attitude.

Of the three, discipline is the single most important component. The discipline is threefold:

1. Recognize you are asking customers to change - Every solution to every problem requires some change. Change requires a personal or organizational decision to do things differently. A sale isn't just a matter of looking at the features and benefits. It's about change, and change is hard and risky. To sell a customer on change, you have to help guide the customer through a series of psychological and emotional steps called "the progression to change." This progression is a spectrum ranging from very satisfied with the current situation to a state of crisis, when change is inevitable.
2. Focus on developing the customer's business - Invest time in learning all you can about your customer's finances, issues, challenges and opportunities. Then make an offer that builds the customer's business. If you don't have something that helps a customer, don't waste time trying to sell to that customer. Go where you're needed.
3. Build trust - Be a combination of doctor, best friend and detective. Doctors prescribe therapies based on the needs of the patient, and act as professionals, not as sellers of services. Be a professional. Best friends put your interests first. Detectives (TV's Columbo, for example) look closely and ask questions.

After discipline, skill is critical. The top salesperson's skill set also is threefold:

*"Salespeople tend to forget that there are always conflicting objectives coexisting within organizations."*

1. People - Sales success depends on getting to the right people, and bringing those people together. Customers may not have an effective decision-making process, and it's the salesperson's job to help them assemble one. Like a theatrical producer, an effective salesperson puts together a cast of characters. Include people from the customer organization who can help clarify the problem and specify the solution.
2. Questions - Effective questions are diagnostic. They reveal the customer's frame of reference, concerns, evidence of problems, alternatives and assumptions.
3. Sequence - Complex sales require a series of decisions, not just one. Effective salespeople lead customers along the path of least resistance through the decision series. When customers object, it means that a step has been skipped. The process, called "the bridge to change," establishes your customer's goals, responsibilities, criteria for success, specific concerns and the outcome if those worries materialize. You then offer an authentic expectation that your product will solve the customer's problems.

*"The individuals in the business who are adversely affected by a business problem or inefficiency are much more receptive to discussing it, and the impact, than the individuals who may be the cause of the problem."*

Finally, the system, called the "Prime Process," or "Diagnostic Business Development," puts discipline and skill to work:

1. Homework - Identify customers who are most likely to change. Not every prospect is a potential customer. Select the high-probability customers based on your research. Develop a strategy based on that customer's unique needs and circumstances.
2. Detection - Lead customers through a self-examination to detect and diagnose their needs. Research shows that this is the most important part of the sale because customers make decisions while diagnosing their problems. Go at the customer's pace. Don't rush, don't ask obviously leading or merely rhetorical questions.
3. Architecture - The salesperson and the customer cooperate to find the best solution to the problems identified during the detection phase. The best solution gives the customer the lowest risk and highest return possible.
4. Delivery - Since the customer helped design the solution, the delivery phase's purpose is to increase the customer's trust and appreciation of the salesperson.

### **Identifying and Engaging the Customer**

The best sales people carefully budget their time and effort, focusing sales resources where the probability of return is highest. The following steps are critical:

*"People change when they feel dissatisfied, fearful, and/or pressured by their current problems. Similarly, customers are more likely to buy in those circumstances."*

- Understand what you bring to the table - Know your value proposition. Your value proposition, what you offer, is fundamental to identifying the best prospects. Profile your ideal customer; develop a plan to call on "prime" customers that fit the profile.
- Research the prospect - Use web resources. Heed the customer's financial, quality and competitive goals. Read the fiscal reports and the CEO's letter. Learn the culture.
- Be atypical - Nobody trusts a salesman, so don't look like a salesman. Don't put your foot in the door until you get a "yes." Try to find reasons to disqualify the customer instead. Remember, you don't want to waste your time. Find the best spot at which to enter a customer's organization. The best spot is the person who is experiencing the problem. Learn as much about this person as you can - career background, responsibilities and concerns.

*"The hard reality of the marketplace dictates that you are either part of your system or somebody else's."*

- Give the customer information - Don't focus your first telephone call on getting an appointment. Instead, give the customer information you know the customer needs.
- Set the foundation for the detection phase - Agree to bring value by helping the customer get a better understanding of the problem that, together, you can work to solve. Effective salespeople get the customer's cooperation in identifying, analyzing, quantifying and seeking a solution to the problem.

### **Conclusion**

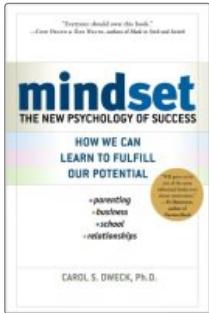
At every phase of the sale, "go for the no." Let the customer know that you will walk away if the value you are bringing doesn't meet the customer's needs. Remember an order is not a relationship. Be consistent and trustworthy. After all, selling isn't a creative art. Results come consistently when the methodology is right.

## About the Author

**Jeff Thull** is President, CEO and founder of Prime Resource Group, a consulting firm whose clients include 3M, Microsoft, Siemens, IBM, Citicorp, Georgia-Pacific and Centerpulse.

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Book

## Mindset

The New Psychology of Success

Carol S. Dweck

Random House, 2006

[Buy the book](#)

People can be of two minds: fixed and flexible. In a changing world, flexible is better for relationships and growth.

## Recommendation

This book has a simple premise: The world is divided between people who are open to learning and those who are closed to it, and this trait affects everything from your worldview to your interpersonal relationships. Author and psychology professor Carol S. Dweck has scoured research papers and news clippings to extract anecdotes about the pros and cons of both mindsets. Thus, stories about Michael Jordan, Lee Iacocca, John McEnroe, Wilma Rudolph and Babe Ruth, among others, find a place in this book. Dweck addresses the ways that mindsets have an impact on people. She explains that you can have a closed mindset in regard to some traits and an open mindset in regard to others. The thought-provoking insight comes from learning when you need to adjust your mindset to move ahead. The author extends her basic point by viewing all areas of human relationships through the prism of mindset. That is interesting, but *getAbstract* believes that this material would still be useful and illuminating even if it applied only to leadership and management.

## In this summary, you will learn

- The differences between a fixed mindset and a growth mindset
- Why the growth mindset conveys more positive lifelong opportunities
- How mindsets affect leadership styles

## Take-Aways

- People have either a fixed or a growth mindset.
- People who believe their personal qualities are unchangeable have a "fixed mindset."
- People who believe they can improve or change their personality traits over time have a "growth mindset."
- People with a growth mindset believe that the future presents an opportunity to grow, even during challenging times.
- Mindsets produce definite worldviews, but they can be changed.
- Children who are praised for their intelligence tend to adopt a fixed mindset and reject new challenges.

- Jack Welch, who had a growth mindset, took over GE in 1980 when the company was valued at \$14 billion; 20 years later, it had a \$490-billion valuation.
- Athletes with a growth mindset build strong characters by challenging themselves.
- Historically company executives who hold fixed mindsets and regard themselves as geniuses or visionaries do not build great teams.
- Coaching and teaching about mindset are the best ways to boost kids' self-esteem.

## Summary

*"The view that you adopt for yourself profoundly affects the way you lead your life."*

*"Mindsets frame the running account that's taking place in people's heads."*

*"The passion for stretching yourself and sticking to it, even (or especially) when it's not going well, is the hallmark of the growth mindset."*

### The Growth Mindset

Some people are more intelligent, more thoughtful or more adventuresome than others. For years, experts attributed such differences to each individual's combination of environment, physiology and genetic makeup. But other factors help determine individual characteristics, including traits that stem from having a "fixed" or "growth" mindset.

Those who view their personality or intelligence as unshakable have a "fixed mindset." They believe that neither personality nor intelligence is subject to change and they feel the need to prove themselves constantly in all situations. People with a fixed mindset often develop this outlook at an early age, usually due to some influence from their teachers or parents. Alternately, people with a "growth mindset" believe that they can improve or change their personality characteristics over time. They believe that the future offers opportunities to grow, even during challenging times.

To show the differences between fixed and growth mindsets, an interviewer asked people what they would do if they got a C+ on a midterm exam and then got a parking ticket. Faced with accumulated events, people with fixed mindsets said this situation would prove that "the world is out to get me" or that they were losers or idiots. People with growth mindsets said they would work harder in school and park more carefully.

### The Impact of Mindset

Mindset has significant implications, although most people are very inaccurate at estimating their own capabilities. People with a fixed mindset tend to take each failure personally. They interpret any setback, from being fired to being spurned romantically, as a message of rejection. Feeling unwanted exacerbates their low self-esteem. People with fixed mindsets work hard to hide their weaknesses, but they believe that their relationships, their traits and their partner's traits are all unchangeable.

In contrast, people with growth mindsets believe they can change their personality traits. They think their abilities can grow. They are more likely to build on their talents. They love to learn and they feel frustrated when they are not developing their potential. Having a growth mindset helps people cope with stress.

Mindset also determines leadership qualities, including how well people perform in school. Medical students with fixed mindsets lost interest in an important class when they earned "C" grades. Accustomed to quick reinforcement, they stopped being interested when they did not earn fast rewards. Students with growth mindsets thrived as the class became more difficult.

Mindsets play a role in the development of "natural" talent. One educational researcher found that exceptional people, from swimmers to musicians, did not show their talents until they studied and applied themselves. For instance, Mozart worked for a decade before he wrote anything memorable. However, inventors and artists share the ability to learn over time as they mature. They do not rely solely on their natural abilities. Mindsets are specific to diverse talents, so an artist may be more open to new ideas, but more restricted socially.

*"In the growth mindset, you don't always need confidence."*

Mindsets affect depressed people. Depressed students with growth mindsets tend to work to solve their depressions while maintaining their school schedules and their outside interests. Students with fixed mindsets become less active and involved when they become depressed.

People with fixed mindsets react differently to praise than those with growth mindsets. Children who are praised for their intelligence often tend to adopt a fixed mindset and to reject new challenges. In tests, they wanted to bask in their success and did not want to risk revealing any weaknesses. Students who were told that they had high abilities did not like being asked to solve harder problems. They said the extra work took away from their enjoyment in learning. At the same time, students who were praised for making an effort said they liked working on the harder problems. In trials, praising a child's ability even worked to reduce his or her IQ score, but praising a child for trying harder raised IQ totals.

*"People in a growth mindset don't just seek challenge, they thrive on it."*

Labeling people can be very harmful, from calling children "gifted" or "exceptional" to using negative sexual and racial stereotypes. Such labels actually can make people feel inferior and generate a negative, self-fulfilling prophecy. Often, being labeled seems to encourage people to not live up to their potential. When people believe these stereotypes, they often lie about or exaggerate their real accomplishments. Other people's opinions can be damaging. When teachers tell young girls that they may not be good in math or science, it can drive them to under-perform. A study of adolescent boys found that when boys were asked to validate negative stereotypes about girls, reinforcing those stereotypes boosted the boys' self-esteem.

### **Changing Your Mindset**

While mindsets produce definite worldviews, people can change them by learning new skills. Human beings can be taught how to react in new ways, how to face challenges and think differently. For example, when athletes with a growth mindset challenged themselves, they developed positive character traits. According to sports researchers, athletes with growth mindsets did not dwell on winning alone. They focused on the process and ignored distractions, enjoying the challenge as much as the conclusion. They learned from failure and recognized that hard work brought personal gain. In contrast, athletes with fixed mindsets forced themselves to win to show they were better than their competition. When they lost, they were dejected.

### **Talent and Teaching**

Business today worships talent. This inadvertently has cultivated certain mindsets. Enron sought talented people with advanced degrees. Problematically, it also developed an internal culture where people could not fail without harming their reputations and the company's image. Enron hated to admit mistakes and valued image highly. When investors probed its activities, the fixed mindset of its executives led them to be defensive and untruthful.

*"Telling children they're smart, in the end, made them feel dumber and act dumber, but claim they were smarter."*

Research shows that companies with leaders who have a growth mindset tend to seek employees who can address deficiencies and find solutions. These executives believe in people's ability to grow and conquer problems. One study compared companies according to their stock value gains or losses. When it contrasted companies with exceptional growth (as measured by stock prices) against companies that did not grow, or that realized gains and then faded, it found that corporate success was tied to leaders who consistently examined the company's

*"In the fixed mindset, the loss of one's self to failure can be a permanent, haunting trauma."*

processes and challenged its failures. For example, the CEO of Circuit City held debates in his boardroom to discuss pressing problems so he could question and learn from other board members.

Another study found that defining a task for students and explaining how success would be measured could determine what mindset the students developed. Researchers gave two student groups a high production goal to meet. They told one group that it would be measured by how much its members knew about a specific process (engendering a fixed mindset). They told the other students that they were to develop new skills so they could learn as they worked (spurring a growth mindset). At first, both groups failed to meet the goals. But over time, members of the growth mindset group learned from their mistakes, motivated each other and out-produced the other group.

Coaching and teaching about mindset are productive ways to boost a student's self-esteem. The key is to show the student that the mentor is interested in advancing the student, in helping the student's overall growth process.

However, teachers should be careful about their language. Blind praise often works against students since it can send mixed messages about how fast the students learn, the effectiveness of their study habits or how much ability they have. Praise students for their efforts and accomplishments, so they can pursue more difficult challenges. Children can interpret even innocuous comments - such as "You learn quickly since you are so smart" - to mean that learning slowly is bad.

It is also not wise to protect children from failing. Not being the best, or failing, happens often in life. It is a common occurrence. Parents who focus only on being the best do not provide any substitute position for the child if he or she doesn't win, leaving the child to blame others, devalue the activity or turn failure into a self-fulfilling prophecy.

### **Open and Shut: Mindset and Leadership**

A leader who displays a fixed mindset can set a company up for failure. One researcher found that corporate executives who focus on their personal reputations do so at the expense of their companies. For instance, Lee Iacocca helped resurrect Chrysler, but then he concentrated on his own reputation. While he was preoccupied, the company declined.

The same researcher found that executives who regard themselves as geniuses or visionaries do not build great teams. Albert Dunlap, a corporate turnaround specialist who was always ready to prove himself again, went to Sunbeam in 1996. He fired half the employees and saw the stock appreciate so much that he could not sell the company. Faced with running Sunbeam, he fired people who disagreed with him and he had to inflate revenues. Within three years he was ousted.

Executives with growth mindsets are at the opposite extreme. For example, take Jack Welch, who assumed control of GE in 1980 when it was valued at \$14 million. Twenty years later, it had a \$490-billion valuation.

Welch got GE's top position by admitting that he was not a genius and promising that he was ready to learn. That pitch worked. He set out to generate more employee input and to break down arbitrary internal barriers. He frequently met with assembly line employees to get their opinions.

He once addressed a small club of top GE managers and asked about the group's plans and activities. About a month later, the club president announced that the members would become community volunteers and that the club would open its membership. Two decades later, it has 42,000 members.

*"In the fixed mindset, the ideal is instant, perfect and perpetual compatibility."*

*"The fixed mindset makes you concerned about judgment, and this can make you more self-conscious and anxious."*

*"Malcolm Gladwell, the author...has suggested that, as a society, we value natural, effortless accomplishment over achievement through effort."*

*"Benjamin Barber, an eminent sociologist, once*

*said: 'I don't divide the world into the weak and the strong, or the successes and failures...I divide the world into the learners and the nonlearners'.*

*"When stereotypes are evoked, they fill people's minds...with secret worries about confirming the stereotype."*

Welch also fired four managers who met their financial goals, but did not live up to GE's values. He made a costly mistake when GE bought Kidder, Peabody & Co., but he learned from it. The purchase cost GE hundreds of millions of dollars and taught Welch the fine line between failure and overconfidence.

Good leaders have a desire to learn. Studies found that there is no such thing as a "natural leader." People become leaders by changing themselves. Instead of trying to identify future leaders by their "natural talent," companies should distinguish leadership candidates based on their individual development potential and then give them openings to learn new skills. In fact, when companies give employees new opportunities to learn, they enable individuals to advance, to earn more and to become better prepared for life's challenges.

### **In Love and War**

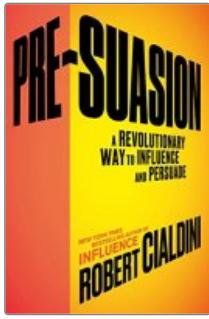
People with open mindsets react differently in personal relationships than people with fixed mindsets. People with fixed mindsets seek spontaneous affiliations and dramatic break-ups. They tend to be slow to forgive since that can be considered a weakness or could pose the risk of rejection. When relationships go bad, people with fixed mindsets are forced to blame their partners. They deflect any personal blame. In extreme cases, a person can be so competitive that he or she overshadows a partner's accomplishments and identity.

Your worldview can be a source of happiness or anxiety depending on how you interpret events and how extremely you react. People with fixed mindsets tend to be judgmental. Psychologists have used cognitive therapy to encourage people to ask themselves why they make extreme judgments about others, and whether their opinions are justified. This is one way to break the fixed-mindset cycle and open new pathways for growth.

## About the Author

**Carol S. Dweck**, Ph.D., is a leading researcher in personality and psychology. A psychology professor at Stanford University, she formerly taught at Columbia University. She is a member of the American Academy of Arts and Sciences. She also wrote *Self-Theories*, which was named Book of the Year by the World Education Fellowship.

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## Pre-Suasion

A Revolutionary Way to Influence and Persuade

Robert Cialdini  
Simon & Schuster, 2016

What you do before you ask for something will matter more than how you ask for it.

Curious about *Pre-Suasion*? Read our review below. We're still awaiting the copyright holder's go-ahead to summarize this book in our usual summary format. In the meantime, we hope you'll find our review just as helpful.

*What happens before you attempt to influence people has profound effects on whether you will influence them or not.*

### The Moment Before

Robert Cialdini author of the *New York Times* and *Wall Street Journal* bestseller *Influence*, gained renown as an early mover in the field of using an understanding of psychology to gain influence. Cialdini's books, with *Influence* foremost, have sold more than three million copies. Here, he returns with a novel idea: what happens before you attempt to influence people has profound effects on whether you will influence them or not. He calls this crucial moment "pre-suasion," and it falls before you make a request, ask a favor, present an argument, convince a client, bargain over price, seek a raise or propose marriage.

Despite its unfortunate, jargony title, Cialdini's book doesn't contain the New Age rambling of a psychobabble guru. Instead, the notable professor and international consultant provides considerable strategic insight into human interaction, and he shows you how to apply that insight to get what you want. Even though he's a prolix writer with little respect for a short sentence and a great affection for the first-person singular, his content is useful and noteworthy.

*The notable professor and international consultant provides considerable strategic*

At first glance, this 412-page tome appears to provide more than anyone might want to read about pre-suasion. You may find yourself both relieved and puzzled to discover that Cialdini uses only 233 pages of it to present his views on that subject.

The remaining 180 pages make up – shockingly for a commercial venture by a best-selling author – a complete set of references, extraordinarily detailed notes and a comprehensive index. These top-quality additions suggest the author seeks not only mass-market acceptance for his ideas, but academic approval as well.

*insight into human interaction, and he shows you how to apply that insight to get what you want*

*Cialdini is a rigorous, engaged scholar; he cites every source he utilizes and details the context of those sources in a broader psychological and marketing framework.*

*Cialdini focuses his years of research on the goal of helping you get what you want.*

*Cialdini wanted to know what methods of persuading people “to say yes” consistently succeed across various fields of endeavor.*

For readers inclined toward research and minutiae, the notes may prove even more engaging than the main section of the book. Cialdini is a rigorous, engaged scholar; he cites every source he utilizes and details the context of those sources in a broader psychological and marketing framework. Whether or not you agree with his main theses, Cialdini clearly knows his field of endeavor and takes great pleasure in it.

### **Context and Setup**

Cialdini focuses his years of research on the goal of helping you get what you want. It's that simple. Everyone, everywhere, every day of the week has to convince somebody of something. Everyone has to sway people to his or her point of view. Everybody wants something from somebody. Cialdini describes the nervous rehearsal people go through when they're trying to devise just the right pitch to a spouse, boss, neighbor or co-worker. He maintains, surprisingly, that the content of your pitch seldom determines whether it works. What matters, and what tips the scale, is what happens right before you make your pitch. Context and setup – in his term, pre-suasion – make the difference.

### **“Before It Is Fought”**

The Chinese sage Sun Tzu wrote in *The Art of War*, “Every battle is won before it is fought.” Cialdini opens his book with this ancient wisdom. He also cites the great Roman orator Cicero, who understood that what you do before you make an appeal makes all the difference. Cialdini wanted to know what methods of persuading people “to say yes” consistently succeed across various fields of endeavor. Studying “salespeople, direct marketers, TV advertisers, frontline managers” and more, he found that victorious professionals spent the most effort preparing the ground for their requests. Pre-suasion, Cialdini argues, is the practice of making the targets of your appeal “receptive to a message before they encounter it.”

### **Basic Pre-Suasion**

Cialdini describes two basic strategies to illustrate his point. A consultant he knows always tells clients, “As you can tell, I'm not going to be able to charge you a million dollars for this.” This somehow makes his actual fee sound small, and most clients accept it without bargaining. A fire-alarm salesman with a remarkable percentage of success also revealed his secret: He never pitches potential customers until they invite him to come inside their homes. He says you don't let people into your house unless you trust them. If potential customers trust him, he says, they will buy from him. And they do.

### **Weighty and Hot**

Cialdini explains the persuasive function that metaphors fulfill in daily language. “That's a heavy load” might refer to lifting a heavy object or to performing a difficult emotional task. But metaphors can also persuade “nonverbally.” If an interviewer reads a job application presented on a heavy – versus a lightweight – clipboard, the interviewer will regard the applicant as a more serious contender. The same is true of reports, Cialdini explains. When people read reports presented in a heavier notebook, the information seems more important. This is pre-suasion in action: The physical presentation of the application or the report sways the reader in its favor before he or she reads a single word.

Cialdini worries that the very lightness of e-readers – a trait that so defines their appeal might make users value their content less. The weightiness of a print book, he believes, gives its words and message additional gravitas.

Heat also plays a role in human judgment. Someone holding a hot cup of coffee feels greater warmth toward those nearby and trusts them more. This can serve as a stealth form of pre-suasion. The person holding the hot coffee – or any warm object – will be more “giving and cooperative.” Thus, you can achieve powerful pre-suasion even in silence.

### **“Saying or Doing the Right Thing”**

Many other simple tactics can help you draw other people toward your position. To get people to try a new product, ask if they are “adventurous.” If you want someone to help you, show photographs of people standing near one another. To inspire someone to achieve, display an image of a “runner winning a race.” To guide people to consider their options carefully, show them a photo or model of Auguste Rodin’s statue *The Thinker*.

Figuring out exactly what you should do or say to support your interests requires being tuned in to your situation and context. Suit your tactic to the moment, the person and your persuasive goal.

*Pre-suasion, Cialdini argues, is the practice of making the targets of your appeal “receptive to a message before they encounter it.”*

### **“Commitments”**

To ensure that someone carries out an enduring positive action after giving you an initial positive response, have that person make a commitment. Doctors in England discovered that calling patients the day before their appointments reduced cancellations by a modest percentage. So did writing down their future appointments on a card. But, they got the strongest positive effect when the patients themselves filled in a card at one appointment detailing the time and date of the next. This made the patient participate in committing – and such participation made all the difference.

### **Jargon**

*Pre-Suasion* isn’t well-written, but it’s full of intriguing material. At times, Cialdini slips into jargon, much of it of his own devising. His final, sum-up paragraph, which he intends to be inspirational, is almost unintelligible. Full comprehension demands several rereads.

Cialdini would benefit greatly from using shorter sentences, avoiding passive voice and run-on clauses, and demonstrating less love for the sound of his own voice. He seriously needs an editor to help him understand which of his myriad examples need multiple pages of description and which need only a sentence or two.

As his lengthy notes indicate, Cialdini – like a lot of research-intensive authors – seems far too enamored of every single discovery he’s made. He wants to share them all.

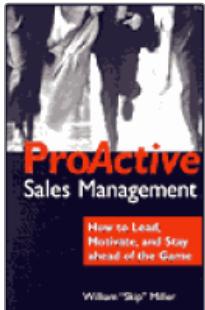
### **Valuable Insights**

For many authors, these flaws would be a death knell and would render their work unreadable. But Cialdini is really onto something. He presents his findings with vigor, passion and genuine surprise. His profound sincerity about the findings his research reveals makes his conclusions worthy, helpful and, for those who embrace them, effective.

## **About the Author**

Arizona State University regents’ professor emeritus of psychology and marketing **Robert Cialdini**, PhD, is president and CEO of Influence at Work, a training consultancy. His books, including the bestseller *Influence*, have sold more than three million copies worldwide.

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Book

## Proactive Sales Management

How to Lead, Motivate, and Stay ahead of the Game

William "Skip" Miller  
AMACOM, 2001  
[Buy the book](#)

Sales managers find, recruit, hire, lead and praise or fire salespeople and they sell an internal sales culture.

## Recommendation

This book by William "Skip" Miller, a sales veteran and experienced trainer of sales managers, provides a wealth of information and guidance. Experienced sales managers will find it useful and new sales managers will find it indispensable. Miller covers cultural change, goal setting, recruitment, hiring, firing and more. He pays plenty of attention to day-to-day management, albeit in the context of his "ProActive" sales management program. Use this short, expansive manual as a handbook. For example, when you need to recruit, hire or terminate someone, consult the appropriate chapter. The book is easy to read and full of common sense. *getAbstract* recommends it highly to its target audience: sales managers.

### In this summary, you will learn

- How to create a sales-oriented culture as a sales manager
- How to set measurable sales goals
- How to recruit, hire and fire salespeople

### Take-Aways

- Sales managers need different skills than salespeople.
- Sales managers often waste too much time helping under performers. Spend your time more productively supporting ace performers.
- Culture is one of the most powerful elements in your sales organization.
- People tend to deliver the performance you expect them to deliver.
- You will get the behavior you measure, so select metrics for the behavior you want.
- "ProActive" sales managers focus on the future, not the past.
- When seeking new salespeople, ask your best performers to recommend people they know. Then ask your other salespeople and then ask your employees at large.
- When interviewing candidates, be careful. The wrong kind of question could embroil you in a lawsuit.
- If you have to fire someone, do it fast. Comply with all the legal niceties, but get it done.

- Have the discipline to change yourself and your culture.

## Summary

### The New Sales Manager

The sales manager's job is to lead. People often rise to the rank of sales manager from a successful career in sales. But the skills required to sell are very different from the skills required to be a leader and manage a sales force. A few of the differences are:

- Salespeople have a customer focus; sales managers have a company focus.
- Salespeople are independent individuals who often love the spotlight; sales managers must work through others and stay in the background.
- Salespeople are talkers; sales managers are listeners.
- Salespeople take direction; sales managers give direction.

The sales manager's job is to help the salespeople focus on their jobs. Your most important skills are people skills. Moreover, successful sales managers look to the future, not the past. They view every issue from several perspectives and set quantifiable objectives with the agreement of their salespeople. Most importantly, sales managers must exemplify and transmit a culture of selling, as reflected in their department's values and expectations.

### Creating a Sales Culture

Culture is a powerful if intangible force. The expectations a culture creates are a big part of its personality and influence. Psychological research demonstrates that people very often do precisely what you expect. That is, people who are expected to fail, and who know they are expected to fail, come to expect themselves to fail and they fail. People who are expected to succeed and who feel that expectation, come to expect success of themselves and succeed. Managers send messages, not necessarily in words, but certainly in body language, tone of voice and attention given or denied. Your sales force receives these messages unambiguously.

Research shows that when poor performers outdo themselves and start to perform at a stellar level, their managers often react badly. Why? Having formed a certain expectation, the managers face the difficult task of adjusting to the new reality. No one likes change. It is easier, though much less productive, to treat poor performers' excellence as a temporary anomaly, and put them back in their place. Usually sales managers are not even aware when they are doing this. Become aware. Because culture is so important, you should:

*"A successful joint sales call is like a play whose roles are carried out according to a prearranged script."*

*"Highly competent sales managers have the ability to spend their limited resource on the ... situation that needs to be addressed."*

- Examine your organization's culture. Put its most important principles in writing.
- Examine the culture of your sales unit.
- Write a vision of the culture you would like in your unit a year from today.
- Think of today as the future. What is different from where you were when you wrote your vision?
- Imagine what you did to establish this change. Since it is easier to look backward than to peer into the future, this exercise allows you to treat foresight as hindsight.
- Now write the action steps you imagine you must have taken to shape the future to fit your vision. These action steps are your plan for the work of cultural change.

*"In a reactive world, sales managers are spending much of their time trying to do what they can to make the numbers."*

*"Prioritize and march to your own drum the first thing every morning. That's right. Spend the first hour of every day marching to your agenda, and not someone else's."*

*"The 3 to 1 rule tells you to try to catch your salespeople doing something right three times as often as you criticize them for something wrong."*

*"The golden rule for hiring candidates is to*

### **Managing Time, Managing People**

The three most challenging tasks for nearly all sales managers are managing time, managing people and setting measurable objectives. These issues are closely related.

To manage your time more effectively, spend your first hour at work alone. Don't check e-mail, talk on the phone or react to the demands of others. Take command of your day and set your own agenda. Write your objectives for the day and then pursue them.

Sales managers spend far too much time working with their least valuable, least productive salespeople. Stellar performers tend to accomplish a lot individually, and don't ask for much backup. Often, the B and C-level players are the ones who have problems or issues, or need help. Ironically, the sales manager could be much more effective supporting the most productive A-level people.

Prove this to yourself by charting your salespeople's names, quotas and performance. Show the difference between performance and quota in the last column. Probably, you will find that the best salespeople are above quota and the worst are below it. You will get more impact for your time if you help overachievers do even more than if you try to boost underachievers to the minimum level.

The "ProActive" sales manager disengages from C people by teaching them to do the job themselves. Remember the proverb, "Give a man a fish, and he eats for the day; teach him to fish and he eats for his whole life." The "ProActive" sales manager makes sure that the C players don't slow the sales operation, which must run at A speed, not C speed. Top salespeople get fed up with anything less than the best management. They don't like to be second or third best, or to be associated with mediocrity.

### **Sales Goals as a Tool**

Set measurable, useful sales department objectives. Forward-looking measures are best. Don't use revenue as your metric, because you can't change revenue. Instead, measure:

- Frequencies - Measure how many sales calls, calls on major accounts, proposals, executive sales calls and demonstrations salespeople book. Make a list of the frequencies they must achieve to generate the results you want, based on your understanding of, for instance, how many calls it takes to get a sale.
- Skills - This includes communication skills, negotiating skills, time management skills, customer knowledge skills and others. Your sales force needs certain skills to get results. Decide what each member needs and measure each one's progress.

You get what you measure. Measure skills and frequency, and you'll get both. Link the right skills with the right frequency and you'll get revenue as a byproduct.

### **Building the Team**

You need the right people, so you must recruit and interview. In the U.S., remember that the law does not allow you to ask potentially discriminatory questions. In employment decisions, you may not consider race, gender, age, religion, national origin, physical disabilities that are not relevant to job performance, arrest records, credit ratings, marital status or whether the person is a veteran. Don't ask about these factors or discuss them during an interview, in writing or any other way. If you do, you may find it hard to demonstrate that you did not discriminate. In this realm, you are guilty until you prove yourself innocent.

*be ProActive and always look. Always look to strengthen your bench."*

*"Try to interview in the morning and interview as early in the week as possible. The pressures of the day seem to mount in the afternoon and later in the week."*

*"Have two sources do reference checks ... Too many managers have treated a reference check lightly, hearing only what they want to hear, not what really is being said."*

*"It is always good to change one's perspective in the corrective action process."*

Begin your search for the right person by examining your organizational and sales force culture. What do you want that culture to become? What competencies are you trying to hire? What does your organization need? Put everything in writing and then begin your search. You must search proactively. The best sources of good people are:

- Your best people - Ask your sales force to help you with personal leads. You could even ask them to sound out customers about good people they know.
- Inside your company - Ask non-sales force employees for leads. Offer bonuses and incentives. Put a big TV in the lobby with a sign that says it belongs to the person who brings in the salesperson you need. Advertise inside the company. Put up posters that read, "Sales star wanted." Include tear-off tags with your phone number, like the posters people put up when they are trying to find lost pets.
- Outside the company - Make professional, discreet overtures. Make the most of online job search sites. Use job fairs, company open houses and the like.
- Recruiters - Use these services cautiously and after investigation. You will be allowing them to represent you to people you want and you must not be misrepresented.
- Advertise publicly as a last resort - Write your ad from the perspective of the candidate. Convince the best people to contact you. Don't blow your own horn.

As you embark on the interview process, waste as little time as possible with mediocre or unsuitable candidates, but treat them courteously and professionally. Invest most of your time in excellent candidates, without tipping the playing field so far in their favor that it puts you at a negotiating disadvantage later. Approach the interview process in three stages:

1. See as many people as you can in a first round of interviews. Make the setting relaxed, natural and reasonably public (never interview in a hotel room). After this round, decide which candidates are the best. You'll probably have two or three.
2. Arrange for others in the organization to interview your top candidates. Tell the interviewers what you are seeking and what you would like them to focus on.
3. Once you identify your top candidate, arrange for your salespeople or others in the firm to have a lunch or some other off-site session with him or her to get a sense of the cultural fit.

Don't think of the interview as an interview. Think of it as a sales call. Use your best people skills and communication techniques to read the candidate as you would a customer. Stay in control, unless the candidate is effective enough to take control by applying superior skills. That, by the way, is a very good sign. Look for a sales candidate who practices the flip, turning your question around on you. Look for someone who probes for the real reasons behind your initially stated reasons. Look for a candidate who knows how to close.

Carefully check references. In fact, have two people check references, one of whom should not be involved in sales. It helps to have another set of eyes looking at references.

### **Discipline and Correction**

Correction is necessary when you are dealing with ethical violations and poor performance or in cases where retraining would cost more than hiring.

As the last implies, the corrective process is a final chance. You are putting the employee on notice that he or she faces only two alternatives: change or terminate. Do be considerate. Do empathize. Do understand that the employee is probably emotional and under stress. But do what you have to do. That also means complying carefully with all the laws governing dismissal. Consult your company's lawyers to be sure. Give the employee a written warning. Use measurements and data to support your judgment. Provide counseling. Give a final warning in writing. Then fire the underperformer. When you fire someone:

*"The idea of rewards can be a costly investment if not done right."*

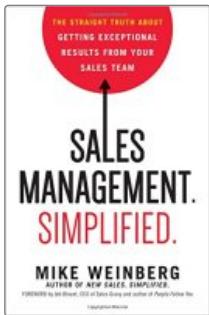
- Use a room that is not your office - You can't leave your office. You want to be in control of how long you stay. Use your judgment about firing by phone or in person.
- Don't waste time - Fire the employee as soon as you walk in the door. Say, "The reason I am here right now is to inform you that this is your last day of employment with this company."
- Don't take any risks - Fired employees might get violent toward you or toward themselves.
- Never fire someone on Friday if you can help it - The employee can't call recruiters or other companies on Saturday. The only thing the employee can do is muse about you, about how you just fired him or her, and how unfair you are, after all he or she has given. If you fire people on Tuesday or Wednesday, they can make some calls and start to think of alternative opportunities.
- Know when to leave - If the employee mentions contacting a lawyer, stop talking and leave the room. You'll want your own lawyers to handle anything with legal implications.

There's the door - Get the fired person out of the building immediately, if not sooner.

## About the Author

**William "Skip" Miller** is president of M3 Learning, a ProActive sales and sales management company, and founder of The Advanced Sales School.

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Book

## Sales Management. Simplified.

The Straight Truth About Getting Exceptional Results from Your Sales Team

Mike Weinberg  
AMACOM, 2015  
[Buy the book](#)

The deck is stacked against sales managers. Indeed, some firms unwittingly prevent their sales managers from reaching sales success.

## Recommendation

In most companies, sales managers have virtually no control over their time or calendars and often must waste time handling petty tasks and attending meetings that have nothing to do with sales. The time sales managers devote to unrelated activities and other distractions often prevents them from leading their sales teams more effectively and generating new business. Corporate duties force many sales managers to abandon sales management basics – coaching and mentoring salespeople, running sales meetings, working with salespeople in the field, and so on. Sales consultant Mike Weinberg details how sales managers can regain control and propel their teams to better sales. He also shows CEOs how to develop and sustain sales-friendly corporate cultures. *getAbstract* recommends Weinberg's masterful, clearly written advice to executives, sales managers and salespeople across a wide variety of industries.

### In this summary, you will learn

- What common problems burden sales managers
- How to solve these problems
- What an annual sales plan should accomplish
- How to create an ideal sales culture
- How to manage sales talent

### Take-Aways

- Sales managers face myriad problems that stem from their companies, bosses and corporate culture. Sales managers also inflict some problems on themselves.
- Sales managers can't do their jobs if they spend their time meeting, reporting, emailing and obsessing over customer relationship management programs on their computers
- Many sales managers search for nonexistent "magic bullets" to fix these problems.
- Sales managers should stick to the basics: coaching and mentoring salespeople, running sales meetings, equipping salespeople for success, and monitoring their efforts.

- Leadership and corporate culture matter more for sales success than salespeople's skills.
- The "sales story" – or, elevator pitch – is the best way to get a prospect's attention.
- Although sales reports are vital to selling, many companies no longer rely on them.
- Salespeople need clear goals to be successful.
- Salespeople must push for new business and concentrate on customer issues and concerns, not on products and features.
- Create a sales plan that identifies each salesperson's goals, strategies and actions; discusses obstacles to the plan; and accommodates his or her professional development.

## Summary

### Sales Challenges

*"The sales world works a lot better when sales leaders focus on their primary job: leading the sales team and helping to drive revenue."*

Sales managers face many problems, some of which they create for themselves. Others result from senior executives who impose unrealistic demands or from corporate cultures that work against salespeople and their leaders. If a sales manager performs poorly, so will the salespeople on his or her team. Salespeople create problems for their managers and their departments when they concentrate on products and features rather than on their customers' concerns, and when they fail to push for new business.

Common sales-management problems include managing sales staffers, leading direct sales, coping with sales compensation plans, working in an unsupportive corporate culture, and coping with leaders who judge salespeople by how busy they seem to be and not by how much new business they create.

In some organizations, sales managers must manage multiple tasks unrelated to selling while also responding to hundreds of daily emails. Customer relationship management (CRM) – which, ironically, should improve the overall sales function – is often a bothersome distraction. Many companies demand that sales managers spend more time dealing with their CRM systems than helping salespeople generate new sales and revenues.

Some sales managers get promoted into their jobs from positions outside of sales. Those who enter sales with management experience but no sales chops can contribute little practical knowledge about selling. Or a firm may take excellent salespeople with no known leadership abilities and promote them into sales management. Their sales teams suffer as a result.

### Sales Managers Who Don't Manage

When an organization's revenue falls below par and salespeople fail to meet their quotas, the fault usually resides with sales directors who manage ineffectively. For example, they may fail to coach their people, to differentiate the specific talents that different sales jobs require, or to monitor their sales calls and go over their performance with them later.

Some sales managers don't give sufficient attention to achieving their sales objectives. They don't effectively communicate sales goals or clarify how they will evaluate salespeople's performance. They don't institute processes to monitor sellers' work against set goals. Some sales managers want to be the department's selling "hero," so they deflate salespeople's confidence.

### The Pluses and Minuses of Sales Reports

*"To create sustainable sales performance... improve the company's sales culture and how the team is led, the way sales talent is managed and the sales process."*

Companies rely on sales reports to track performance. These reports compare sales year-to-year, measure achievement toward monthly and annual quotas, rank salespeople based on how much they increased their sales over earlier previous periods, tally new accounts and lost accounts, and calculate what percentage of their yearly targets the sales staff hit.

*"There is almost nothing similar about being a sales manager and being an individual producer in a sales role."*

Sales reports are essential, but many companies stopped publishing or distributing them after the 2008 financial crisis. With sales plummeting, corporate leaders took a “paternalistic approach” and decided not to embarrass their salespeople with reports of plummeting sales. They also pragmatically downplayed sales reports for public consumption and reconfigured compensation plans in order to retain their best people during the harsh economic times.

### **Sales Management Challenges and Solutions**

Sales management encompasses more than selling. A sales leader deals with a big to-do list that encompasses building a sales-oriented corporate culture, conducting strategic planning, setting sales targets and making the team accountable for its results.

Sales managers also handle a myriad of HR-related concerns, including recruiting, hiring, training, setting compensation and reward levels, maintain good internal relationships, mentoring, coaching, retaining good people, and redirecting or dismissing people who fail to sell.

To establish your “sales management framework” and to increase your team’s sales in dollar value and volume, focus on these three areas:

#### **1. “Sales Leadership and Culture”**

To create a positive sales culture, identify the “attitudes, values, goals and practices” that the professionals in your sales organization share with each other. Companies that revere the sales function carefully monitor superior sales performance and hold it out as a common goal. Salespeople hold themselves accountable. Sales meetings are positive experiences for everyone. And the sales compensation program rewards the right factors.

A positive sales culture energizes an organization. Executives are in active and regular touch with sales personnel. Salespeople are members of an “elite” crew. They love to compete. They have great attitudes. They pay attention to the sales board and strive to be on top. They push each other to do well. They celebrate each other’s successes and feel proud of their pivotal role in the firm.

#### **2. “Talent Management”**

Recruit, deploy and retain the most talented professionals you can find and do all you can to maximize their potential.

Expert talent management involves “four R’s”:

- **“Right people in the right roles”** – According to the traditional “hunter-farmer” sales paradigm, hunters excel at prospecting and securing new business. Farmers – or, for a better name, “zookeepers” – excel at managing and nurturing established accounts. Don’t assign hunters to farmer-zookeeper jobs, or vice-versa.
- **“Retain top producers”** – These high-maintenance salespeople will quickly jump ship if they aren’t happy. Give them what they need to produce at their best.
- **“Remediate or replace underperformers”** – Many sales managers tolerate lackluster results, but salespeople who constantly underperform send a negative message to everyone else. However, don’t cut new poorly performing salespeople too quickly. Give them time to prove themselves. Train and work with them. If their performance doesn’t improve over time,

*“You cannot manage salespeople, whose primary job is to interact with other people, by staring into your CRM screen.”*

*“If you’re not teaching selling skills in sales team meetings...and working in the field rotating through members of the sales team, then who is helping your salespeople become more proficient?”*

*“A salesperson is not a salesperson is not a salesperson. There are as many types of sales roles as there are colors of crayons.”*

then let them. This shows that you believe in and nurture your team and that you insist upon results.

- **“Recruit”** – Bringing in top sales talent isn't enough. You must maintain a strong bench; that is, have numerous excellent candidates ready to join your team if you need them. Effective sales managers always make time for recruiting.

*“True sales hunters are a unique...breed. The majority of sales teams are composed mostly of farmers (account managers) and engineers (product/service experts).”*

*“A flat compensation plan accomplishes the opposite of what a smart plan should. It provides underperformers comfort to stick around while simultaneously discouraging the over-achievers.”*

*“Customers are not looking for subservient order takers; they are seeking help and value.”*

*“When results are poor and the pipeline is weak, asking a salesperson about activity is simply good management, not micromanagement.”*

### 3. The “Sales Process”

Successful sales managers help their team members target the most promising prospects. This includes potential new customers as well as current customers who are ready for upgrades or expansion. However, too many sales managers don't take this essential step. They mistakenly believe their salespeople all are already operating with well-developed marketing lists, but many salespeople don't prepare strategic plans for reaching the best prospects.

Salespeople don't get paid based on how many prospects they contact. Results are what counts, based on how many prospects they close. This is why sales managers must make sure that their salespeople plan and prospect strategically.

Managers should coach their team members to examine whether the accounts they are pursuing offer the best opportunity to close new business; whether they are in a rut, just contacting the same old customers and prospects, and nobody new; whether they should manage their accounts or territory differently to be more strategic; and whether their customer relationship management work is up-to-date.

### The “Sales Story”

Sales managers must make sure their salespeople have the resources they need to do their jobs and that they become expert in the use of social media and the best professional tools, tactics and strategies. This includes the training and ability to ask “probing questions,” make good presentations, and offer “facility tours and references.”

Make sure your salespeople are prepared, ready for sales calls and properly equipped. Have they researched their prospects sufficiently in advance of a sales meeting? Do they know how to solicit the prospect's “input and buy-in”? Do they have the right set of questions to get the conversation going?

Sales managers need to teach salespeople the importance of their sales story, elevator pitch or value proposition. A seller's sales story should be a well-organized compendium of all the relevant product or service talking points. A sales story that is simple to communicate and understand is valuable across all your marketing efforts.

Good sales stories secure your clients' attention, demonstrate why and how your offering solves their problems, validates your pricing, differentiates your offering, and positions your salespeople as experts.

### The Annual Sales Plan

Sales managers must monitor their salespeople to ensure they stick to their sales plans. This presumes your salespeople prepare annual sales plans for themselves. People are more likely to succeed if they write their goals in advance. Sales plans should include these components:

- **“Goals”** – Set defined objectives. Some possible metrics are “total revenue or gross margin goals for the year, number of new accounts or new pieces of business acquired, dollars sold to both existing and new accounts, and specific product-mix goals.”
- **“Strategies”** – Salespeople need a blueprint and a set of tactics for achieving their goals.

- “**Actions**” – Positive steps include “calls, initial face-to-face meetings, presentations,” and so on.
- “**Obstacles**” – Sales managers and their teams often must overcome poor training, a learning curve about their customers, restrictive corporate policies, insufficient travel funds, outdated technology, and so on.
- “**Personal development, growth and motivation**” – Your salespeople need specific motivation, tools and techniques for continual learning and improvement.

*“The perpetual barrage of new sales ideas, theories, processes and tools, combined with the loud voices of the hucksters marketing them, can overwhelm sales leaders.”*

Besides creating sales plans, salespeople must report their sales activities and results, and identify the prospects in their pipelines. Sales managers must monitor these reports to gather the information they need about their sales teams. Be sure the right forms are prepared and available.

### **“Magic Bullets”**

To improve sales management, many sales supervisors are looking for a magic bullet that “guarantees unlimited qualified leads, a full pipeline and the ability to close every deal at full price.” But the sales world hasn’t got a magic bullet and you don’t need one if you stick to the basics of selling. The fundamentals always work if your product or service offers the right value.

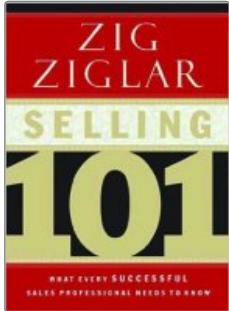
Sales managers must focus on the essentials. Their primary purpose is to get their team to build revenues through increased sales. Conversely, their purpose is not to work “a bazillion” hours a week, to attend an “obscene number of meetings,” to send and receive hundreds of daily emails, or to be Mr. Fix-It for the company’s various problems. “You were not hired to do work; you were put in your position to produce results.”

*“If you fail at sales, then there’s no quality to control, no product to ship, no customer to service, no revenue to count. Period.”*

## About the Author

Sales coach and frequent public speaker **Mike Weinberg** is an experienced salesperson and consultant. He also wrote the bestseller *New Sales. Simplified.: The Essential Handbook for Prospecting and New Business Development*.

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Book

## Selling 101

What Every Successful Sales Professional Needs to Know

Zig Ziglar

Nelson Publishers, 2003

[Buy the book](#)

Everything you need to know about selling in a tidy package, from prospecting to presenting to closing the deal.

## Recommendation

Seldom is a book as aptly named as *Selling 101*. This is a true primer on the ABC's of selling. Author and sales expert Zig Ziglar walks you through the sales process, teaching you how to find prospects, overcome "call reluctance," pose the right questions and ask for the order. He touches on all of the fundamentals, using examples from his experiences to illustrate his main points. His brief, concise prose is easy to understand and even easier to incorporate into your sales practices. The seasoned sales professional will not find anything new in this basic textbook, but *getAbstract* recommends it to anyone who is new to selling, particularly if you lack a mentor to give you this kind of guidance. This handy manual will provide know-how that is usually gained only by experience in the field.

## In this summary, you will learn

- How to master the basics of selling from prospecting to closing
- How to use a four-step selling process to assess your prospect's needs

## Take-Aways

- As a salesperson, you are your own boss and you control your own destiny.
- Successful salespeople are always prospecting.
- Develop a "center of influence" by asking someone who believes in you to introduce you to people who would benefit from your product or service.
- Overcome "call reluctance" by committing to making calls at the same time daily.
- Follow the four-step selling process: "Need Analysis, Need Awareness, Need Solution and Need Satisfaction."
- During the sales process, ask questions that elicit the prospect's thoughts, feelings and emotions.
- Ask "open-door, closed-door and yes-or-no" questions.
- To conduct a conversation, not an interrogation, use the "P.O.G.O formula." Ask about the Person, the Organization, and the person's Goals and Obstacles.

- Always ask for the sale. Practice closing techniques until they feel natural.
- Make sure your customers are happy and satisfied with your product or service.

## Summary

*"To be the winner you are capable of becoming, you must plan to win; you must prepare to win; and then you have every right to expect to win."*

*"K.I.S.S. - Keep It Simple Salesman - has been the battle cry since the cave dwellers sold each other fire sticks."*

*"I strongly encourage those in the world of selling to deal with a product or service they cannot help talking about!"*

### **Why Do You Want to Sell?**

Sales professionals are treated offensively now and then, and they experience rejection - not once, but numerous times. They are subjected to feelings of frustration, paranoia, anxiety, nervousness, discouragement and self-doubt. So why would anyone want to pursue a career in sales? The reason is that for the right person, the upside of selling far outweighs the negatives. As a salesperson, you are your own boss no matter what company employs you or which supervisor checks your call sheets. This is a huge responsibility, but it offers a tremendous opportunity. You control your own destiny. Realizing your dreams is within your power. Salespeople, or "professional persuaders," are in the problem-solving business, which is tremendously gratifying. Nothing compares to making a sale while also helping others through the product or service you offer.

Every salesperson must possess certain skills regardless of what he or she is selling. To succeed in the long-term, today's sales professional must be honest, embody integrity and behave ethically. The skills required to build a successful sales career include trustworthiness, dependability, and the ability to listen well and communicate clearly.

### **Prospecting for Gold**

The first step in making a sale is finding a prospect. "A prospect is an individual or a group capable of making the decision on the product or service the salesperson is selling." Successful salespeople are always prospecting, a task that does not conclude at the end of the workday. Exhibiting a genuine, unaffected interest in people is the best way to attract prospects. Some people are reluctant to sell to their friends and relatives, afraid that they will appear pushy or greedy. However, if you truly believe in your product, you will want to share it with the people closest to you. You don't want them to do you a favor by buying; you want to do them a favor by selling your product or service to them.

To ask for prospect referrals, develop a "center of influence" by asking someone who believes in you to introduce you by phone or note to someone he or she thinks would benefit from your product. Obtain the names of several potential clients from your center of influence contacts. Record their names and pertinent information on a prospect card. Then, ask your referrer to help you prioritize your list.

Other sources for prospects include newspapers, Dun & Bradstreet, various Web sites, the book *Contacts Influential: Commerce and Industry Directory*, your local Chamber of Commerce, the Better Business Bureau and trade publications.

To prepare to contact prospects, learn all you can about your product, industry and competition. Become an expert by reading trade publications, studying trends, gathering information and demonstrating how to use your product or service. Then, you'll be ready to ask the right questions, uncover prospective clients' needs and offer informed solutions.

### **Conquering "Call Reluctance"**

Making sales calls is tough. In fact, 84% of all salespeople experience some form of call reluctance. To overcome it, realize that you are an expert in your field. No one knows as much about your product or service as you do. Next, make your

sales calls substantial by focusing on the prospect, not the sale. Remember, "You can have everything in life you want if you will just help enough other people get what they want."

*"Asking the right question and listening to the answer is a great relationship builder, which is important to the persuasion process."*

When making phone calls, set objectives - such as making an appointment or closing a sale - before dialing. Make your calls first thing in the morning when people are fresh and ready to listen. Dress professionally to make your calls even though the prospect can't see you. Prepare, train, stay motivated and make calls when your energy and confidence are high.

The critical step in conquering call reluctance is to "get on a regular schedule and make an appointment with yourself to contact a prospect at the same time every day." One of the main reasons salespeople fail, particularly salespeople who are not directly supervised, is that they do not commit to a regular schedule.

### **The Four Steps**

Sales don't happen by accident. Today's successful sales professional must develop and follow a plan of action. The author's "Ziglar Training System" teaches a four-step selling process.

*"Selling with integrity is the only way you can build a long-term career with the same company selling the same product to the same people - which brings sales stability and financial security."*

#### **1. "Need Analysis"**

"People buy what they want when they want it more than they want the money it costs." For example, people want cell phones because they like high-tech gizmos and they want the cool things their friends have. However, they also buy cell phones to get convenient communication and reliable accessibility. The trick is to uncover your prospect's needs by asking the right questions and listening to the answers carefully. When you offer someone a reason or an excuse to buy something he or she already wants and needs, you'll make a sale.

#### **2. "Need Awareness"**

Once you identify a client's need, it is imperative that he or she also recognizes the specifics of the need. Create awareness with questions that clarify the need to the prospect. Highlight the imbalance your prospect is trying to fix with queries based on your "product, industry, pricing, application and competition."

#### **3. "Need Solution"**

Now is the time to talk about your product or service. You have identified a need and can offer a solution: your product. When presenting your product, remember that "people don't buy products," they buy benefits. Always tell potential clients what your product can do for them.

#### **4. "Need Satisfaction"**

You have uncovered your prospects' needs and have a solution in the form of your product. When offering your solution, it is imperative to "lead with the need." Salespeople often talk about "features, function and benefit" but what do these terms mean to clients? A feature is an aspect of your product. The function is the purpose of the feature and the benefit is the advantage this feature offers your client. Start with the client's needs, but follow up by asking for the order.

#### **"Asking Questions"**

Conducting a needs analysis requires you to ask questions. Pose questions that are designed to elicit the prospect's feelings, thoughts and emotions. Understand that people make purchases based on emotions and then rationalize their purchases with logic. For instance, after you make a presentation based on savings, ask questions such as, "Are you interested in saving money" or "Can you see where our product would save you money?"

*"True selling professionals don't talk about ethics; they live ethically."*

*"In sales you don't have to wait for things to happen; you can make things happen."*

*"Organization, discipline and commitment make for consistent high-volume production."*

*"Remember: You do not invent or create the needs. That's not selling. You uncover a need or problem that is already there and, in the process, render a solution, a real service."*

*"Personalize the benefits for the prospect."*

*"Your value to your company comes basically from the skills you develop in dealing with everybody, including...disgruntled*

To get the information you seek during needs analysis, ask "open-door, closed-door and yes-or-no questions." Open-door questions allow the prospect to answer any way he or she prefers. "What is the most exciting aspect of your job?" and "How do you see your responsibilities changing in the next five years?" are open-door questions. Closed-door questions - such as, "How does your division compare in size to the other divisions in this company?" - require the prospect to answer within a certain framework. A yes-or-no question requires a direct response and is often useful as a trial closing. For example, after you make a presentation you might ask, "Would what I'm proposing fit into your goals?"

### **Conversation versus Interrogation**

Making calls is easier if you know how to engage potential customers in a relaxed, natural chat. To conduct a conversation, not an interrogation, use the "P.O.G.O formula."

#### **"P" stands for "Person"**

Learn about your prospects' thoughts, feelings, goals and emotions by encouraging them to talk about themselves. Never spend more than 25% of the time talking about yourself. "P" questions include: "How did you get into this particular business?" and "Do you like living in Dallas?"

#### **"O" stands for "Organization"**

Next, learn about your prospect's company. Again, refrain from monopolizing the conversation. Pose such questions as: "Would you tell me something about your organization?"

#### **"G" stands for "Goals"**

Elicit your prospect's personal and professional ambitions. Ask something like: "How are you currently tracking the progress of your goals?"

#### **"O" stands for "Obstacles"**

Everyone encounters obstacles to achieving their goals. If you can find out what challenges your prospect faces, you can offer a solution. Ask a question such as: "What is preventing you from being where you want to be?"

### **Closing: How to Seal the Deal**

When you are confident about the value of your product or service, complete the first three steps of the selling process, and feel genuinely committed to making a sale, the odds are in your favor. If you are competent, professional, authentic and friendly, your prospect will be reluctant to say "no" to your proposal. But first, you must ask for the sale. Find closing techniques that work for you and practice them until they feel quite natural. One technique you can use is the "summary close," which calls for reviewing the high points of your presentation and asking for the order.

### **Getting Beyond "No"**

What if your customer says "no"? Some sales experts contend that 60% of sales only occur after the prospect has said "no" five times! Assume that your prospect is turning you down because he or she doesn't know enough about your product to move forward. This gives you the opportunity to offer new information regarding features, functions and benefits that he or she can use as the basis for a positive decision.

Ask questions that identify the prospect's objection. Then test the objection to see if it is real. The "Suppose" test asks the potential customer to answer a hypothetical question that sounds something like: "Suppose you felt good about (fill in the right factor), then would you make a yes decision?" The other method

*customers and prospects, in an effective and professional manner."*

*"Discipline yourself to do the things you need to do when you need to do them and the day will come when you will be able to do the things you want to do when you want to do them!"*

for testing an objection is to "isolate and validate." In this process, ask: "Is there any other reason that would prevent you from taking advantage of my offer today?" After you answer two objections, move on and ask for the order again.

### **Customer Service**

The sale does not end when you get the order. You must continue to work with your customers to make sure they are satisfied. If a client is dissatisfied, you should react professionally and calmly. Help find a new solution. When a person understands that you are truly trying to help, that knowledge will quickly diffuse his or her anger. When dealing with an unhappy customer, keep the following in mind:

- "Hear them out - let the anger erupt."
- "Be patient" and "Be tactful."
- "Empathize."
- "Acknowledge their importance."
- "Articulate your response slowly, quietly and carefully."
- "Never grant them permission to control you."

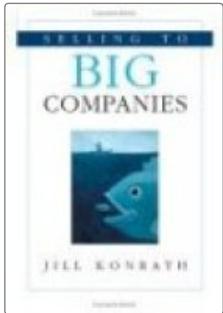
### **Getting the Most Out of Your Time**

Most salespeople spend 80% of their time on nonsales activities. Learn to structure your workday so that you spend as many hours as possible with prospects. Outwork and outperform your competition by investing one extra hour per day in productive tasks, such as making phone calls. Delegate nonselling tasks when possible. Many salespeople find it useful to have a system that makes them accountable and to log their use of time.

## **About the Author**

**Zig Ziglar** is a popular motivational speaker. He has written 22 books about personal development, sales, leadership and success. His bestsellers include *See You at the Top*, *Secrets of Closing the Sale* and *Success for Dummies*.

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Book

## Selling to Big Companies

Jill Konrath  
Kaplan Publishing, 2005  
[Buy the book](#)

The first step to selling to a big corporation is getting a meeting with a real decision maker. Think value, persistence and precision.

### Recommendation

This succinct, concise, pointed, clearly written guide will help anyone who aims to sell to big companies. Author Jill Konrath is practical, focused and no-nonsense. She includes few of the personal yarns that freckle most such manuals, but enough to let readers know that she writes from experience. Much of what she says is common sense and should be general knowledge. For example, it is hard to imagine that any salesperson would waste time on self-promotion when customers really need and want solutions to their own problems. Yet many sales guides - including this one - emphasize the need to ask questions and offer solutions, so the emphasis must be necessary. The author provides a straightforward how-to manual, with step-by-step guides. She is not afraid to tackle the most elementary matters, such as how to write a letter or how to script a call. *getAbstract* finds that this book deserves a place on the shelf of any sales manager or salesperson who is targeting big companies.

### In this summary, you will learn

- Why selling to big companies is different from selling to small companies
- What you can do to succeed in the big-company sales game

### Take-Aways

- Selling to big companies takes a specific professional approach.
- The decision makers at big companies face enormous pressure and are looking for people who will help them solve problems. They avoid salespeople.
- Getting meetings with buyers at big companies isn't easy. You need knowledge, precision, persistence and the right message: specific value for the customer.
- In today's competitive environment, you have to shout to be heard.
- To understand your own value proposition, interview your current customers.
- Weak value propositions kill sales. Your value must be crystal clear and quite specific. Pack your focused value proposition into a quick message.
- Research, research, research - there is no substitute for homework.

- Make corporate gatekeepers into your allies; they can be gate openers.
- Script your calls, voice-mail messages, e-mails and letters so they express your value proposition in a compelling manner - ask for honest feedback about them.
- Avoid self-promotion - it turns customers off and sends them away.

## Summary

*"Corporate decision makers want you to bring them ideas, make them think and expand their perspectives on what it takes to run their firms successfully."*

### No Callbacks?

Arranging sales meetings with decision makers at big companies is very difficult. If you find this to be true, you're not alone and you're not imagining it. Moreover, it probably won't get easier. Many market factors are coming together to make big companies even tougher to penetrate. They are globalizing, constantly reorganizing, restructuring and downsizing. Their people are trying to do more with less. They are dealing with constant change and are not eager to embrace any more of it. Technology has made information more widely available to decision makers, including the kind of inside product information that only sales reps used to provide. Moreover, competition is getting stiffer; even the best product attracts a host of competitors in no time at all. Corporate decision makers aren't inhuman or superhuman. They're ordinary Joes and Janes who work for giant corporations. They avoid self-serving, self-promoting salespeople. You must find a new way to get through to them. Remember:

- Decision makers are under the gun. Don't even think of wasting their time.
- You compete with the status quo.
- Nobody wants to hear your sales pitch.
- You have to make your value clear from the outset.

### Sell Where You Can Make a Difference

Focus is critical. Don't try to sell to everyone. Since you must become an expert on your customer's business, define your market carefully. Eliminate some opportunities so you can do a better job with those that remain. Analyze your customer base. What has made you successful with these customers? The answer will define your competitive advantage. Follow these tips as you draft your value proposition:

- A solid value proposition focuses on the return and benefit a customer derives.
- Salespeople fail to penetrate big companies because their value propositions are weak.
- Value propositions must be specific. Include quantitative information: how much cost reduction, how much time saving and how much productivity improvement.
- Value propositions are about value, which may be tangible or intangible, may reduce opportunity costs, and may have different aspects that appeal to different prospects.
- You are an instrument. Your product or service only matters to your prospect if he or she can use it to solve a problem or do a better job.

*"Show your value, demonstrate your worth and make a difference."*

### Toward a Stronger Value Proposition

Interview your current customers and ask why they use your product or service. What have you helped them do that they were previously unable to do? Quantify these benefits with numbers. Use accepted business or industry language, and support your case with hard facts. Your value proposition should talk about

results, not features. Link it to important business problems by using quantitative measurements and statistics. Cite actual cases, because success stories sell. Never approach a big company's decision maker without a solid, strong value proposition. To show value to customers, learn all you can about their companies.

### **Getting in the Door**

One key opens the door to major corporate accounts: knowledge. Do your homework before you make your first call. Use research to determine if your product or service will help your prospect. You will only have a few moments with a major corporate decision maker, so get ready to use your time to ask intelligent questions and offer good ideas that will make a bottom-line difference. In those few moments, you must make yourself stand out as superior to any other salesperson, and more valuable. Your initial research should:

- Help you find the entry point - You have to get in the door. Forget the main switchboard; seek specific targets. Big firms have many divisions and units. Identify the ones most appropriate to your product. Don't waste your time or the prospect's.
- Teach you the prospect's business - Know broad industry trends, how your prospect is responding to them, any organizational changes at your prospect's company, your prospect's big initiatives, what makes the company successful, what business issues matter most to it, the company's financial performance, its important decision makers, and its main products, services, competitors and customers.
- Show you the openings - Openings include actual problems you can use as opportunities if you can show how your product handles them. If you are a sales trader, note a slowdown in sales, a new product introduction or a new market entry.
- Speak the prospect's language - Every company has its own lingo. Learn it. Imitate it. When you talk with the company's people, you want to sound like an insider.

Use corporate Web sites, which are excellent sources of specific information. You can get financial information from many online resources, such as the SEC's Edgar, the Thomas Register and others. Don't be afraid to interview your prospect's customers, employees or any other knowledgeable people. You might even test the prospect's product or service by ordering it. Be alert to triggering events, such as mergers, ownership changes, shifts in targeted earnings, new clients or new products. Such triggering events can help you craft a better value proposition and make it more relevant to the prospect.

### **The News about Networking**

The news about networking is that much of it doesn't work and most networking events are useless for sales. Corporate decision makers don't attend them. Making your networking effective requires enormous effort, including sculpting the right elevator speech - a scaled-down version of your value proposition focusing on problems, benefits and opportunities. Once you have your elevator speech, find creative ways to meet relevant people.

Use your contacts, such as salespeople in related markets, friends, fellow alumni or suppliers. Attend events your prospects are likely to attend, such as trade shows and big conferences. Consider a strategic alliance. Look for partners who could benefit from offering a collaborative solution to a major company's problem. Today's market demands innovation and creativity in networking as in other things. For instance, tell people which companies you are trying to reach. They may have helpful information. Sometimes, you can reach a decision maker through the friend of a friend of a friend. Don't be shy.

*"When you're defining your value proposition, first examine where the impact of your offering can most easily be quantified."*

*"A value proposition is a clear statement of the tangible results a customer gets from using your products or services. It is focused on outcomes and stresses the business value of your offering."*

*"Sometimes it's difficult or nearly impossible to measure the value of what you do. If this happens to be your situation, use industry statistics."*

### **Getting to the Decision Maker**

*"Top sellers constantly think about how they can help customers improve their business."*

*"While most sellers balked at scripts, they're absolutely necessary to ensure delivery of the right message and to prevent you from sounding like a blathering idiot."*

*"Total personalization is essential for penetrating big accounts. Write your letter specifically for the decision maker you want to meet."*

*"Avoid speaking to a distracted decision maker. Find out right away if your timing is*

First, identify the decision maker. Look for people in certain positions in the company. Most big companies have mechanisms to keep people like you away from their decision makers. So instead of trying to find the vice president of this or that, look for the person responsible for specific decisions. Ask for people who have certain kinds of problems. When you are just trying to get the right names, don't do any selling. Only ask questions.

Some useful telephone strategies may help you to find the people you seek. One trick is to get all of the phone numbers for the company's operations in the area you are targeting. If you call satellite locations instead of the main corporate location, you will reach people who don't get very many calls and who may be more willing to release names. Calls to the main corporate switchboard often flow directly into voice mail. That's one way companies avoid calls from salespeople. Other useful strategies are:

- Call a sales representative for the division you're trying to penetrate, because sales reps sometimes will empathize with you.
- Call the highest-ranking honcho in the unit you're trying to penetrate. You'll probably reach the honcho's assistant who can route you to the correct subordinate.
- Use the "contact us" page on the company's Web site to get the number you need.
- Contact a small office of a big company. Even if it is far from the main location, people there may help you.
- Get the basic data: full name, spelling, direct number and, if possible, e-mail address.
- Use online discussion groups and forums to find people.

### **Don't Wait for Callbacks**

Don't sit around waiting for decision makers to call you. Have an active, aggressive entry campaign for the account. Consider what you know about the company. Develop sales tools and a step-by-step sales approach. The following items must be in your sales kit:

- Scripts for voice-mail messages that repeat your value proposition as many ways as possible to appeal to each specific prospect.
- Scripts for telephone conversations.
- Guidance for overcoming obstacles and countering the usual objections.
- Reference letters from your existing clients.
- Stories of past successes that correspond to the prospect's problem.
- Your company's newsletters or reports.
- Gift baskets and free samples.
- Postcards, and other light communications. Hint: funny ones may end up on the prospect's bulletin board.

You probably won't get in the door on your first call. It may take eight or 10 calls to establish personal contact.

### **Voice Mail Tips**

Voice mail is a fact of business life these days. To deal with voice mail most effectively:

- Write a script and use it so that your voice-mail message is a provocative, enticing, informative sales tool.
- Make your credentials clear immediately by citing a reference, your past experience or your knowledge of the prospect.

*bad. If so, suggest an alternative time."*

- Immediately give the decision maker something of value. Include your value proposition in the voice mail. Offer a good idea or hint that you have information that the decision maker wants. Do this by adding a little data to your voice mail.
- Prepare different voice-mail scripts for various purposes.
- Eliminate all self-serving content and self-promotion from your messages.
- Practice saying what's in your script. Leave the voice-mail message for yourself, so that you can hear what the prospect will hear.
- Ask someone you trust to listen to your message and tell you how it sounds.
- The only thing that matters about voice mail is how it sounds to the prospects.

*"Selling to big companies is tough. Really tough."*

### **E-mail and Letters**

The techniques that apply to voice mail apply to written communication. E-mail and letters must be personal and focused on your value proposition. Emphasize triggering events and business issues that matter to the prospect. E-mail is easy to write, but that doesn't mean you should take it lightly.

### **Dealing with Resistance**

Do your homework so that you'll be able to deal with common objections. If the customer's company is happy with its current vendor, use your knowledge of the company to make it clear that you are offering something the current vendor does not provide. Don't accept a brush off. If the customer asks for more information, make sure that the information you give is about the customer's problem, not about your product. Get gatekeepers on your side, by making it clear that you can help their boss. Sell the gatekeeper, and the gatekeeper will become your ally. Remember that follow-up calls are just as important as your initial call.

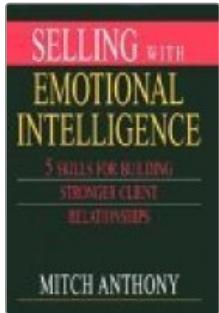
*"It's not going to get any easier for you in the future."*

Use these principles when you eventually meet with the prospect face-to-face. Don't be nervous or discouraged. Your research has already taken you a long way.

## About the Author

**Jill Konrath** teaches sales strategies, particularly selling to big companies, and consults with the trade media. She has been featured in *Entrepreneur*, *Sales & Marketing Management* and *The Wall Street Journal's Startup Journal*, among others.

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Book

## Selling with Emotional Intelligence

5 Skills for Building Stronger Client Relationships

Mitch Anthony  
[Kaplan Publishing, 2003](#)  
[Buy the book](#)

"Know thyself" is good advice for everyone, including sales professionals. "Emotional intelligence" is smart business.

## Recommendation

Ever since Harvard's Daniel Goleman published *Emotional Intelligence* in the mid-1990s, experts in numerous fields have adopted his notion of E.Q. - emotional intelligence - as opposed to I.Q. - intellectual intelligence. Although E.Q. is most commonly applied in the fields of management and leadership, its strongest natural link may be to sales. Some sales professionals say buyers make decisions based as much on their emotional response to the salesperson as on their opinion of the product itself. Although he doesn't offer as much direct sales advice as the title might promise, author Mitch Anthony provides sales professionals with E.Q. tools they can use to compete more successfully. The content of the book is often fresh and original, although occasionally the author seems to be plowing fields of thought that he has tilled before. One of the book's strongest sections deals with applying the fundamentals of emotional intelligence to negotiations. *getAbstract.com* recommends this book to sales professionals who are seeking new perspectives that can lead to higher commissions.

## In this summary, you will learn

- How to define emotional intelligence
- How to increase your awareness of your own behavioral tendencies
- How to use emotional discipline in business and in life

## Take-Aways

- Emotionally intelligent people understand other peoples' characteristic emotions and responses - and their own.
- The five essential aspects of emotional intelligence are awareness, restraint, resilience, other-centeredness and rapport building.
- You can't change your instinctive reactions, but you can change your behavior.
- You can't always change your circumstances, but you can improve your responses.
- The emotional content of your sales presentation may be more important than the actual information you present.
- Top producers are goal-oriented and do the homework necessary to achieve.

- Take responsibility for your emotions. Don't put others in control by blaming them.
- Fight pessimism and excessive emotional highs and lows.
- To fight stress, maintain your sense of humor.
- Look for and develop sources of "sustaining motivation" in your life.

## Summary

### A Fish Story

When a man on a train sees a fellow passenger eat an entire herring except for the head, which the passenger pockets, he can't restrain himself from asking, "Why did you put the head of a fish in your pocket?"

The passenger explains that fish is good for you, and that the healthiest part of the fish is the brain. So, he saves fish heads for his children.

After thinking about this for a while, the first man offers to buy the fish head for a dollar. He eats it and then turns to the man who sold it to him. "Hey, wait a minute!" he says. "I could have bought a whole fish for less than that!"

"See," replies the other man. "You're smarter already."

Closing sales of all kinds (not only of fish heads) is as much a matter of emotion as of logical analysis. Cultivating emotional intelligence - how you respond to various situations based on your understanding of your emotional tendencies - is crucial to your success as a sales professional. Your ability to control your emotions will affect your sales results.

*"I am convinced that nowhere are the dramas of emotional intelligence played out more vividly than on the sales stage."*

### Take the ARROW Test

Nowhere is the tie between emotions and business success as clear as it is in sales. Buyers often complain that sales professionals are "pushy" or "cold and indifferent." When a prospect slams the door in your face, chances are that your sales approach has not been emotionally intelligent. Develop your mastery of the sales professional's five key emotional intelligence skills (referred to by the initials ARROW), which are:

1. "Awareness" - Are you fully cognizant of the way you react to situations such as rejection? Are you sensitive to the responses of others?
2. "Restraint" - When you're tired or upset, do you say the first thing that comes into your mind? Or do you avoid obvious emotional responses and find productive alternatives?
3. "Resilience" - When you experience setbacks or difficulties, can you pick yourself up off the floor and give it another go? Or do you get discouraged?
4. "Others (empathy)" - Is your sales career all about you? In sales, it's important to move "from me to we." To succeed, you must demonstrate empathetic caring for others. If you have conflicts with your clients, you probably have not cultivated the ability to see things from their point of view.
5. "Working with others (building rapport)" - Do you enjoy developing mutually productive relationships? Are you a wallflower, or can you strike up a conversation and make new friends?

*"One of the inexorable truths of competition is that when clients have a choice, they choose the option with the least amount of emotional exhaustion and annoyance."*

To improve your sales ability, assess your E.Q. Testing yourself on your ARROW skills - the five elements of emotional intelligence - can give you a realistic picture of your baseline E.Q.

*"Emotional intelligence in selling begins with the recognition that one must meet emotional agendas beyond the buy-and-sell transaction for a buyer to be satisfied with the transaction."*

*"Sandwiched between wanting the facts and the rationale for buying your product are the emotional agendas that must be met with every client."*

*"Keep your eyes and ears open. Become an observer of yourself first."*

*"Plenty of sales professionals are terrific at building rapport - until that rapport is threatened."*

### **Your "Personality DNA"**

The way you react to others - and the way others instinctively react to you - is relatively fixed. Personality tendencies that you find annoying in others merely reflect the way they view and react to the world. Letting their tendencies frustrate you is unproductive. Instead, change the way you manifest your initial, instinctive reaction.

Perhaps you tend to be analytical. Perhaps you're impulsive and easily bored. Perhaps you're gregarious, or on the contrary, perhaps you are shy in new groups. Whatever your particular set of E.Q. attributes, when you develop awareness of your tendencies, you can modify your personality quirks and take advantage of your emotional strengths.

### **Top-Producer E.Q.**

Top producers tend to have four emotional characteristics:

1. "Competitive Drive" - One manifestation of the competitive urge is resourcefulness. Top producers will make the extra phone call to close the sale. If they can't reach their prospects during normal business hours, they'll try them early in the morning or late at night. They rejoice in winning, and they work well under pressure.
2. "Achievementality" - Top producers do their homework and prepare to be successful. They want to earn more income, often because they see it as a measure of their overall success. Not surprisingly, they tend to be goal-oriented. They set high standards, and they don't shirk responsibility or blame others for their setbacks.
3. "Teachability" - The most successful sales professionals have a continual desire to learn, to grow professionally and to reduce errors. They also enjoy teaching others how to do things better.
4. "Wit" - Successful people have agile minds that adjust on the fly to difficult situations or customers. They cultivate a sense of humor.

These attributes play a powerful role in the success of any salesperson. Even though you may not be able to change your external circumstances, you can probably improve in at least one of these four areas. Of course, before you can change your weaknesses, you must be willing to acknowledge them. Improving your emotional intelligence isn't always easy, but the reward is great. When you can bring all four of these elements to the table in sales situations, you will have the "critical mass" of emotional fortification you need to generate sales.

### **Avoid an "Amygdala Hijack"**

When you snap without letting your reasoning power kick in first, you've suffered an "amygdala hijack." The amygdala is the part of the brain where impulsiveness overrules reflective and analytical thought. Indulging the whims of your amygdala can be costly indeed. To control your gut reactions, practice being a good "one-minute emotional manager." Essentially, this means learning to put on the brakes when you sense that you could yield to impetuous urges.

Guard against that second wave of anger, as well. Often you can resist the first flush of irritation, but as you continue to experience frustration, you feel the urge to do something. In this state, because of built-up irritation, you may fly off the handle. Perhaps you've had a tough day at work and you come home hoping for a little peace. In this situation, tell your family you're already at your wit's end. Learn to avoid irritation when you're too tired, hungry or emotionally spent to deal with it rationally.

### **Applying E.Q. to Selling**

By understanding your reactions, you can learn to sell with greater emotional intelligence. To keep your E.Q. at the high level you need for sales success, follow these guidelines:

- Monitor the signals your body is sending you, so you sense when your emotions are starting to call the shots.
- Take responsibility for your own emotions. Don't make others, or their behavior, responsible for how you feel or react.
- Let go of expectations that tend to result in disappointment or frustration.
- Understanding that "venting" and communicating a negative attitude or emotion - dashing off an angry e-mail, for example - often create situations that you no longer control. This is called the "viral spiral of emotion."
- Before you blow your stack, consider the cost (including to your reputation).
- Manage your stress and find healthy outlets for it.
- Watch for mood swings. Don't let your highs get too high or your lows too low.
- Maintain your sense of humor, no matter what.
- Eschew pessimism.
- Monitor yourself by checking your attitude several times daily. Don't let other peoples' negative attitudes and disappointing performance infect you.
- Look out for negative self-talk. If you catch yourself being overly critical, "take your name off your enemies list."
- Think of defeat as a learning opportunity. You'll do better next time.
- Look for sources of "sustaining motivation" in your life and your career.
- Think about the emotional impact you want to have on others.
- Decide in advance upon the emotional approach you will take when times get tough. Prepare yourself for adversity.
- When your client says no, don't crawl into a hole. Try to find out the reason.
- Be sensitive to body language and buying signals. Focus on your client's reactions as much as on your presentation.

### **What Are They Really Buying?**

The emotional impact of your sales presentation is at least as important as your rational selling proposition. The impact varies, depending on the personality of the individual to whom you're selling, so you must learn about each client's core personality tendencies. Address clients in the tone that appears to make them most receptive.

Of course, relationships alone won't sell your product - and using relationships in this way would be manipulative. Give your clients strong reasons to like you and to do business with you. At the same time, guard their true best interests. With each interaction, look for small ways to serve your clients, to demonstrate courtesy and to add value to the relationship. They will notice your extra effort.

### **Emotionally Intelligent Negotiating**

Everyone brings his or her own unique style into negotiations. As you learn to be more empathetic, you will instinctively understand the motives of those on the other side of the table. Many negotiators make the mistake of trying only to get the best deal for their side; they fail to consider what the deal's long-term impact might be on their business relationships. Skilled professional negotiators are able to work out solutions where others see only obstacles. Their secret is looking beyond their own wants and needs to the goals of their negotiating partners.

*"Make sure that your tone and your body language, as well as your words, communicate."*

*"Resilience is the earmark of...sales professionals...Although*

*you can knock them down, you cannot keep them down.”*

*“I am an optimist, if for no other reason than a hopeful attitude keeps the doors of opportunity swinging and makes every day feel like an adventure.”*

Your opponents may resort to emotionally exploitative tactics - but you can defuse them. If they claim that your offer has insulted them, remain calm. Ask them what sort of offer they expect. Listen carefully to the response. If they bluster and appear angry, ask them why they feel that way. Don't try to match them tactic for tactic; instead, keep your eyes on the ultimate goal of a mutually acceptable solution.

### **"Seven Habits of the Emotionally Competent"**

People who are emotionally capable distinguish themselves seven ways:

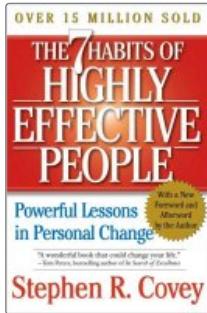
1. They place a high level of importance on the emotional impact their words and deeds have on others.
2. They are careful about tone, both theirs and others'.
3. They anticipate - and even rehearse - their responses to emotionally charged situations.
4. They don't dismiss any incidents or interactions as too small to be worthy of notice. They pay close attention to emotional details.
5. They admit their fears, frustrations and attitudes, and don't try to make others responsible for them.
6. When negotiating, they never lose sight of how their tactics will affect the overall relationship.

They practice emotional self-discipline, rather than saying the first thing that comes into their minds.

## About the Author

As president of the training and communications consulting firm Advisor Insights, **Mitch Anthony** has made more than 2,500 presentations to companies in the financial services and insurance industries. He is the author of *Storyselling for Financial Advisors*.

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Book

## The 7 Habits of Highly Effective People

Powerful Lessons in Personal Change

Stephen R. Covey

Free Press, 2004

First Edition: 1989

[Buy the book](#)

To be highly effective, just initiate, focus, prioritize, connect, cooperate, improve yourself and let others win.

Whew.

## Recommendation

This book was a publishing phenomenon in the early 1990s, and it deserved to be. Stephen R. Covey managed to repackage an ethical and moral tradition thousands of years in development and make it meaningful to a late twentieth century, secular audience. Most of what you find in this book you will find in Aristotle, Cicero, Benedict, Tillotson and their heirs. Covey adds a few references to psychology, a twentieth century science, and many to Viktor Frankl, a sage of the Holocaust. Covey wraps the mix in a distinctively American can-do program of easy-looking steps calling, mostly, for self-discipline. The result is a quite worthwhile, useful manual for self-improvement. *getAbstract* believes most readers can learn something useful from this book, though some will find the style too familiar and easy-going, and the prescriptions easier to agree with than to act upon, much less adopt as habits.

## In this summary, you will learn

- Seven approaches that effective people take to attain fulfillment
- How to build your character and shape your life more deliberately

## Take-Aways

- Focus on developing character, not personality.
- You are what you habitually do, so adopt productive habits.
- Excellence is a habit, not an aptitude.
- You are free because you can determine how you respond to circumstances.
- Choose sound principles - integrity, dignity, quality, service, patience, perseverance, caring, courage - and endeavor to live by them.
- Write a personal mission statement to clarify your principles and set your goals.
- Think of what you want people to say about you at your funeral; try to deserve it.
- Build trust in your relationships.
- Balance the attention you give to each of your roles. Allot your time to attend fairly to each of your responsibilities and relationships.

- Understand that you have the ability to improve your habits and your life.

## Summary

### Seven Habits

The seven habits of highly effective people are:

1. They take initiative. “Be Proactive.”
2. They focus on goals. “Begin with the End in Mind.”
3. They set priorities. “Put First Things First.”
4. They only win when others win. “Think Win/Win.”
5. They communicate. “Seek First to Understand, Then to Be Understood.”
6. They cooperate. “Synergize.”
7. They reflect on and repair their deficiencies. “Sharpen the Saw.”

*“This is the single most important investment we can ever make in life - investment in ourselves, in the only instrument we have with which to deal with life and to contribute.”*

Much of the business success literature of recent decades focused on developing a good personality. This emphasis is misplaced. Developing a sound character is more important and more productive. Your personality can emerge naturally when your character is rooted in and formed by positive principles. Forcing yourself to display a personality that is inconsistent with your character is like wearing a mask. It is deceptive, manipulative and ultimately destructive.

To develop a sound character, you need a sound paradigm, a solid new way of seeing things. Before the theory of germs established a new paradigm, for example, surgeons didn't wash their hands. When patients died of infections, no one understood why. Sterile operating rooms came about as the result of a new paradigm, a new way of seeing how disease worked.

Today, many people have a deterministic paradigm. They believe that their genetic make-up determines how they will act, or that their parents' failures permanently weakened their own chances and formed them irremediably, or that their environment or experience have curtailed their freedom to change. In fact, determinism is a paradigm. To forge a strong character, abandon determinism and accept a paradigm of freedom. This new paradigm allows you to see that you can change, that character is a habit, and that a habit is what you do consistently. Act consistently in a new way and you will form and become a new, improved character.

Certain basic principles and values make people more effective. They are fairness, equity, integrity, honesty, human dignity and worth, excellence, a spirit of service, patience, perseverance, nurturance, caring, courage, encouragement and the can-do attitude that recognizes boundless potential. The person whose character grows from these classic principles is a leader who, having mastered him or her self, can inspire and help others. Character is habit. As Aristotle said, we are what we habitually do. To develop the habit of acting on these principles you must:

- **Know** — Understand what you want to do and why you want to do it.
- **Develop skills** — Become able to do it.
- **Desire** — You must want and will yourself to do it.

*“In fact, until we take how we see ourselves (and how we see others) into account, we will be unable to understand how others see and feel about themselves and their world.”*

The most important work is the inner work. When you master your interior self, you will master what is outside of you. Many people mistakenly concentrate on production, on making a measurable, visible difference in the world outside. They neglect production capability, the source of power that makes production possible. They are like the fellow who runs several hours a day and boasts of the

extra years he'll live, but neglects to notice that he is spending all of his extra time running. He may gain extra years but he will not be able to do anything more with them, and the time he spends running might better be spent developing deeper relationships with his spouse, family and friends.

### **Habit 1: “Be Proactive”**

Highly effective people take the initiative. They are proactive. They do not impose limits on themselves that prevent them from acting. They recognize that they have the freedom to determine the kind of character they will have because they can decide how they will act. They may not be able to control their circumstances, but they can decide whether to use those circumstances or be abused by them. They live by the “principles of personal vision.”

*“Principles are guidelines for human conduct that are proven to have enduring, permanent value.”*

Viktor Frankl was a prisoner in a Nazi concentration camp. His entire family, except for one sister, was murdered in the camps. As horrific as his circumstances were, Frankl recognized that he was free, because he could decide how he would think and act in the midst of the horror. Even when he was a starving prisoner, he visualized himself lecturing in a classroom, telling students about the horror and what he learned from it.

His mental discipline made him stronger than the camp guards. He inspired fellow prisoners and even some of the guards themselves. Frankl was pro-active. He took the initiative and accepted responsibility for his fate. He recognized that fate was his to decide. He did not have the power to walk away from the camp, but he had the power to master it.

Begin to be pro-active by speaking the language of initiative and responsibility:

- Not, I can't do anything — But, let's think about some possibilities.
- Not, that's just me — But, I can change the way I am.
- Not, he drives me up the wall — But, I can choose how I'll let him affect me.
- Not, I can't or I have to — But, I will decide and I will choose.

*“In choosing our response to circumstance, we powerfully affect our circumstance.”*

Proactive people operate in the realm of the possible. They see what they can do, and do it. By taking responsibility and acting, they expand the realm of the possible. They get stronger as time passes. They become able to do more and more. They begin by committing to change something interior, and may eventually change the world around them.

### **Habit 2: “Begin with the End in Mind”**

Think carefully about your goals. Many people spend a lifetime pursuing a goal that proves meaningless, unsatisfying or destructive. You see them on the covers of tabloid magazines, rich, famous, busted for drugs or watching their marriages fall apart. Power, money and fame were the goals that they wanted and achieved, but at what price? Effectiveness is not just a matter of reaching a goal but rather of achieving the right goal. Imagine yourself sitting in the back of the room at your funeral. Imagine what people could honestly say about you based on the way you are now. Do you like what you hear? Is that how you want to be remembered? If not, change it. Take hold of your life. Implement “personal leadership.” Begin by drafting a personal mission statement that outlines your goals and describes the kind of person you want to be. Think carefully about this mission statement. Examine yourself. See yourself as you really are. Are you self-centered? A workaholic? Money-grubbing? Decide what you need to change and what you want to become. Write the statement. Make a commitment to yourself. Keep that commitment.

*“The most effective way I know to begin with the end in mind is to develop a personal mission statement or philosophy or creed.”*

### **Habit 3: “Put First Things First”**

*"By centering our lives on timeless, unchanging principles, we create a fundamental paradigm of effective living."*

*"Effective management is putting first things first."*

*"Think effectiveness with people and efficiency with things."*

*"Real self-respect comes from dominion over self."*

You have the power to change who you are, but that means changing how you act. Never let your most important priorities fall victim to the least important. Many people spend their time reacting to urgent circumstances and emergencies, and never invest the necessary effort to develop the ability to prevent emergencies, to exercise "personal management." They confuse the important with the urgent. The urgent is easy to see. The important is harder to discern. Emphasize planning, avoiding pitfalls, developing relationships, cultivating opportunities and getting adequate recreation. Don't think about cramming a lot of business into your schedule, but rather about making sure that you spend the necessary time on important things. Think of your various roles as a spouse, a parent, a manager, a community volunteer. Give each role an appropriate allotment of time on your schedule. Do not rob Peter to pay Paul; make sure each role gets its due.

#### **Habit 4: "Think Win/Win"**

In marriage, business or other relationships, exercise "interpersonal leadership" to make both parties winners. Two wins makes everyone better off; two losses places everyone in a worse situation. A win/lose relationship creates a victor and leaves someone injured. Highly effective people strive for win/win transactions, which make it profitable for everyone to cooperate because all the parties are better off in the end. Any other kind of transaction is destructive, because it produces losers and, therefore, enemies and bad feelings, such as animosity, defeat and hostility. Highly effective people become highly effective by multiplying their allies, not their enemies. A good alliance is win/win.

#### **Habit 5: "Seek First to Understand, Then to Be Understood"**

Communication is a two-way street. To develop win/win relationships, find out what the other parties want, and what winning means to them. Don't assume you know. Listen. Always try to understand what the other people want and need before you begin to outline your own objectives. Do not object, argue or oppose what you hear. Listen carefully, and think about it. Try to put yourself in the other party's shoes.

Good lawyers make it a practice to write the strongest possible case they can from their opponent's point of view. Only when they understand the best possible arguments for the opposition do they begin to draft the case from their client's point of view. This tactic is equally valuable in personal relationships or business arrangements. Always understand what the other party needs and wants, and why. Then, when you outline your own objectives, put them in terms that respond directly to the other party's goals. That is acting upon the "principles of empathetic communication."

#### **Habit 6: "Synergize"**

Cooperation multiplies the power of one. In fact, "creative cooperation" may yield a force greater than the sum of the parts just as an arch can support a greater weight than two pillars can hold. The arch multiples the power of both pillars. The buzzword to describe this kind of relationship is "synergy," which means bringing together a whole that is greater than the sum of the parts.

Effective synergy depends on communication. Many people make synergy impossible by reacting from scripts. They don't listen, reflect and respond but, instead, they hear and react reflexively. Their reactions may be defensive, authoritarian or passive. They may oppose or they may go along — but they do not actively cooperate. Cooperation and communication are the two legs of a synergistic relationship. Listen, reflect, respond and actively cooperate.

#### **Habit 7: "Sharpen the Saw"**

"In an old yarn, a man is sawing a log. The work is going slowly and the man is exhausted. The more he saws, the less he cuts. A passerby watches for a while and suggests that the man should take a break to sharpen the saw. But the man says he can't stop to sharpen the saw because he is too busy sawing! A dull saw makes

the work tiresome, tedious and unproductive. Highly effective people take the time they need to sharpen their tools, which are, in fact, their bodies, souls, mind and hearts. It's time for "self-renewal."

Effective people take care of their bodies with a program of exercise that combines endurance, flexibility and strength. It's easy to plan such a program, and you don't have to join a gym to implement it. Effective people care for their souls with prayer and meditation, if they are inclined to a religiously-grounded spirituality, or perhaps by reading great literature or listening to great music. Never neglect this spiritual dimension; it provides the energy for the rest of your life.

*"Most people do not listen with the intent to understand; they listen with the intent to reply."*

Mental repair may mean changing your habits, such as the habit of watching television. Television watching encourages passive absorption of values, attitudes and dispositions that dull the mind. Read, work puzzles, do math or engage in some challenging activity to keep your mind alert, active and engaged.

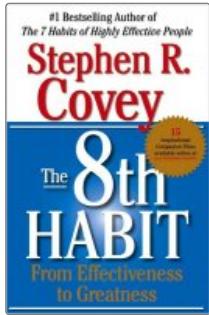
The heart refers to emotions, which depend greatly on others. Work to develop your heart, your emotional connections and your engagement with other people. Communicate, listen and be undemanding. In everything you do, try to make others better off and put them first. By doing so, you'll transform yourself into a highly effective person.

## About the Author

**Stephen R. Covey** is vice-chairman of Franklin Covey Co., and teaches Principle-Centered Living and Principle-Centered Leadership. Covey is also the founder and former CEO of the Covey Leadership Center. He is the author of several books. *The 7 Habits of Highly Effective People* has been a bestseller for many years.

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Book

## The 8th Habit

From Effectiveness to Greatness

Stephen R. Covey  
Free Press, 2004  
[Buy the book](#)

The 7 Habits generate the 8th Habit:  
Find your voice; help others find  
theirs. Bring mind, body, heart and  
soul to work.

## Recommendation

A cynic toward sequels would note that Steven Covey took only a little more than 300 pages to explain his first seven habits, but 409 pages and an accompanying CD to expound on the eighth. Cynicism aside, however, this book - this 8th Habit - is worth every page. Give Covey credit. He could rest on his laurels and just write bland, non-threatening "how to lead" books and they would all be bestsellers. Covey eschews mediocrity, however, and tells it straight. Most employees experience considerable emotional pain working in their organizations, he says, because they are treated as objects, not full human beings. Covey adds his prestige to the notion that the knowledge worker is a new model for change in the unspoken, unwritten contract between employer and worker. He bases this fresh paradigm on respect for the complete person - mind, body, heart and soul - not just the part that works from nine to five. Covey's voice is powerful and unique. He is committed to helping others find their unique voices as well. *getAbstract* recommends this highly for anyone in the workplace.

## In this summary, you will learn

- How to transform your life and your company by using the 8th Habit
- How it incorporates and expands upon the 7 Habits
- How the Knowledge Worker Era is replacing the Industrial Age
- How to develop your unique human voice and help others find theirs
- How to make empowerment work

## Take-Aways

- The 8th Habit has two aspects: one, finding your own unique voice and two, helping others find theirs.
- The 8th Habit stems from the first 7 habits.
- Most management operates under a tragically flawed Industrial Age paradigm.
- Leave that framework behind, and welcome the paradigm of the Knowledge Worker.

- Everyone has a choice: you can pursue mediocrity or excellence. The good news is you can always change your mind, leave mediocrity behind and pursue excellence again.
- Your power of choice rests in four essential elements: mind, body, heart, soul.
- Extraordinarily accomplished people have four traits: vision, discipline, passion and moral conscience.
- To find your unique human voice, help someone else find theirs.
- The ultimate purpose of mastering the 8 habits is to serve others.
- It's not enough to have lofty ideals. The biggest failing of the average organization is usually its inability to execute.

## Summary

### **Modern Bloodletting**

The problem with management is that it still works under the flawed Industrial Age paradigm.

*"The 8th Habit...is about seeing and harnessing the power of a third dimension to the 7 Habits that meets the central challenge of the new Knowledge Worker Age. This 8th Habit is to find your voice and help others find theirs."*

Consider that physicians in the Middle Age practiced bloodletting. As barbaric as that may seem today, using leeches to draw blood from a sick person simply followed from the era's paradigm that if you were ill, bad material was in your blood, so the blood must come out. After the advent of germ theory the paradigm shifted, saving millions of lives.

A paradigm is powerful. The old Industrial Age paradigm held that people were an input, akin to raw materials such as steel and energy. People, therefore, were treated as things. They were not managed as whole individuals consisting of heart, mind, body and spirit, but rather as objects to be controlled and rarely trusted. While circumstances certainly have changed since the advent of the Industrial Age, the basic paradigm continues. Workers are objects, to be carefully scrutinized and managed in order to get them to perform effectively.

This approach is increasingly dysfunctional in the Information or Knowledge Worker Age. Under the old approach, employees experience a great deal of pain and frustration at every company, no matter how successful. Fortunately, today the workplace paradigm is shifting, as expressed by the 8th Habit.

*"It is the voice of the human spirit - full of hope and intelligence, resilient by nature, boundless in its potential to serve the common good. This voice also encompasses the soul of organizations that will survive, thrive and have a profound impact on the future of the world."*

The 8th Habit is not just 7 Habits plus one that got left behind. Instead, it calls for using a "third dimension" of *The 7 Habits of Highly Effective People*. The 8th Habit means "finding your voice and helping others find theirs." And, in this context, "voice" is the unique personal significance each human offers, and can bring to bear at work.

### **Making a Difference**

A full colonel with more than 30 years of service commanded a military base. Instead of retiring, he decided to stay and push through a landmark cultural change inside his organization. He knew it would be a major battle. When asked why he didn't simply retire and avoid the mess altogether, the colonel explained that his father's last whispered words on his deathbed were, "Son, don't do life like I did. I didn't do right by you or your mother and never really made a difference."

The colonel explained that he was determined to implement cultural changes that would have a positive impact on his command long after he was gone. Everyone has the choice the colonel made: live with mediocrity or strive for greatness. The good news is that if you have chosen mediocrity, it's never too late to turn back. You can choose greatness instead.

*"What happens when you manage people like things? They stop believing that leadership can become a choice."*

*"The fundamental reality is, human beings are not things needing to be motivated and controlled; they are four dimensional - body, mind, heart and spirit."*

*"The new Knowledge Worker Age is based on a new paradigm, one entirely different than the thing paradigm of the Industrial Age. Let's call it the Whole-Person Paradigm."*

*"Enduring trust in a relationship cannot be faked, and it is rarely produced by a dramatic, onetime effort."*

## Discovering Your Voice

Finding your unique voice means fulfilling your innate potential. The greatest gift you received at birth was the ability to decide whether to develop your fullest capacities. You have a choice in the space or time between every action and every reaction. During that moment, reflect on what has happened and determine your response. The ability to understand your free power of choice opens the door to four vital intelligences or capabilities:

1. **Mind: IQ is mental intelligence** - Many people stop here when evaluating intelligence, but it is too restrictive.
2. **Body: PQ is physical intelligence** - This form of intelligence is often discounted, because it takes place without your conscious awareness. You do not have to think to breathe or to make your heart beat. Yet this intelligence responds continuously to the environment to maintain health, ward off infection and so forth.
3. **Heart: EQ is emotional intelligence** - You must be an aware, sensitive and empathetic person to communicate with others on a genuine level. A person with a strong EQ knows what to say and when to say it, how to feel and how to express those feelings. Substantial evidence indicates that over the long run EQ is a stronger determinant of success than IQ.
4. **Spirit or soul: SQ is spiritual intelligence** - This is the most central intelligence because it directs the activities of the other three. Our drive for meaning and purpose leads us to develop our SQ.

## Highest Expressions

To find your voice, you must be in touch with the four elements of a whole person: mind, body, heart and spirit. The consistent pattern in the lives of great achievers is that, through struggle and effort, they elevated the four intelligences to their highest manifestations: "vision, discipline, passion and conscience." They used four powerful combinations:

1. **Mind = Vision** - When the mind is fully developed you gain vision, the ability to discern the highest potential in people, institutions, causes and enterprises. People who do not exercise the mind's ability to create, or who discourage it in others, suffer from a failure of vision. They are unable to see the wonderful possibilities within circumstances of great need. Without vision, they slip into victimization.
2. **Body = Discipline** - You need discipline to transform vision into reality. Discipline is the child born from the marriage of vision and commitment. You must have both.
3. **Heart = Passion** - Those who develop a wise heart will feel the passionate fire of conviction, the flame that sustains the discipline needed to achieve the vision. Passion flows from finding and using your unique voice to accomplish great things.
4. **Spirit = Conscience** - Developing your mental identity will lead you toward knowing the right fork in the road, toward an inward moral compass that will guide you.

## Leadership Defined

Ultimately, leadership is the ability to help people understand their own true worth and potential, so they see it in themselves and live accordingly. The Industrial Age view of work failed to nurture trust, placed the boss at the center of all activity, took power away from people and misaligned the interests of the individual and the organization. The alternative path is practicing the 8th Habit, and the 7 Habits that preceded it. Begin with developing the four intelligences, finding your voice and expressing it.

To lead this journey, implement the 8th Habit in your interactions. Buckminster Fuller requested the epitaph, "Just A Trim-Tab." A trim-tab on a boat or plane is the small rudder that ultimately turns the whole machine. Successful organizations have many unheralded trim-tabbers who influence it by setting good examples. These individuals believe they really can make a difference.

*"The compass is an excellent physical metaphor for principles, because it always points north. The key to maintaining high moral authority is to continually follow 'true north' principles."*

*"Spiritual intelligence also helps us discern true principles that are part of our conscience, which are symbolized by the compass."*

*"Most people think of leadership as a position and therefore don't see themselves as leaders."*

*"Execution is the great unaddressed issue in most organizations today."*

To be a leader, prove yourself trustworthy. Most leadership failures probably can be traced back to failures of character. Every leader must exemplify core values such as keeping promises and demonstrating honesty and integrity.

### **Learning to Empower**

Why should you empower others to find their voices? Well, consider the alternatives. You could try to lead them by controlling them. That rarely proves satisfactory. Or you could abdicate responsibility, and let them do whatever they want. That hardly seems wise, either.

The solution is to give others "directed autonomy." Work with them to establish their objectives and then give them the autonomy to achieve those goals. A win-win agreement is neither a legal contract nor a job description. It is a psychological and social contract written into people's hearts and minds. Such an agreement endows your colleagues with a shared commitment toward the organization's highest priorities. Win-win empowerment is especially valuable during evaluations. In a high-trust culture, people are far more likely to appraise themselves effectively, particularly if you provide them with good 360-degree feedback. Self-evaluation is usually the toughest.

### **The Sweet Spot**

So now that you understand the 8th Habit, how do you practice it? Here are some ideas:

- **"Modeling"** - Prove yourself trustworthy through your actions, rather than imposing expectations on others. Listen to others and practice behaviors that ultimately will give you moral authority.
- **"Pathfinding"** - Create a sense of direction and order for your organization.
- **"Aligning"** - Help your organization be congruent with the spirit of trust and empowerment. Proper alignment results in institutional moral authority.
- **"Empowering"** - Accept the four elements of a person's nature - heart, mind, body, spirit - and embrace them. Have faith in people's ability to choose wisely for themselves. Empowerment produces cultural moral authority.

When you reach the stages of alignment and empowerment, you're talking about execution. In most companies, a great gap yawns between goals and execution.

As Peter Drucker said, "So much of what we call management consists of making it difficult for people to work."

### **Bridging with Empowerment**

You must bridge six chasms to make empowerment more than just an empty word:

1. **The "clarity" gap** - The old Industrial Age approach was to announce a program to the workforce and expect them to understand it. Mission statements became mere PR initiatives; workers would wait to see what really happened. In the Knowledge Worker Age, new initiatives need identification, involvement and buy-in from workers.
2. **The "commitment" gap** - Rather than "sell" new ideas to the workforce, the 8th Habit respects the whole person. The organization based in the Knowledge Worker Age takes into account the welfare of each person's body, mind, heart and spirit.

*"No matter how long we've walked life's pathway to mediocrity, we can always choose to switch paths. Always. It's never too late. We can find our voice."*

*"Consider the words of Abraham Lincoln: 'The dogmas of the quiet past are inadequate to the stormy present'.*

3. **The "translation" gap** - Lofty goals must be translated into real-world activities. For the Knowledge Worker, this is done not by job descriptions, but by aligning goals and incentives to get the desired results.
4. **The "enabling" gap** - In Industrial Age thought, people were an expense and equipment was an investment. Today's better idea is to establish a scoreboard that matches desired results with capabilities. This ensures that workers can see how the firm's structures are aligned to enable them to accomplish essential objectives.
5. **The "synergy" gap** - To have synergy, managers must understand the Third Alternative. When two ideas conflict, managers can, through empathetic listening and creative thinking, arrive at a third position that is agreeable to both parties. This is the Third Alternative, an 8th Habit form of communication that harmonizes various interests.
6. **The "accountability" gap** - The Industrial Age process was simple: carrot and stick. The new way involves mutual accountability and an open comparison of progress made toward the achievement of a goal. The scoreboard continually shows the score.

### Serving Others

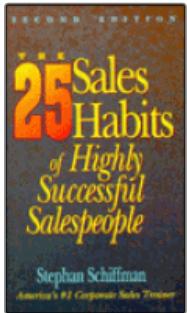
The ultimate path to harnessing all 8 Habits is to serve others. The real reason organizations are established is to serve human needs. The notion of service above self lends you the moral authority to be a great leader. The question isn't, "What's in it for me?" It is, "What's in me that I can give others?"

As you begin the 8th Habit process of finding your own voice, know that your journey must end with helping others find theirs. Each person is precious, and there is truly no limit to what an organization can accomplish when leadership becomes a choice rather than a position. Choosing to serve becomes the most enlightened habit of all.

## About the Author

**Stephen R. Covey** is co-founder and vice chairman of FranklinCovey Co., and founder and former CEO of the Covey Leadership Center. His book, *The 7 Habits of Highly Effective People*, sold more than 15 million copies worldwide. He is the author of several other books and a teacher of "Principle-Centered Living" and "Principle-Centered Leadership."

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## The 25 Sales Habits of Highly Successful Salespeople

2nd Edition

Stephan Schiffman  
Adams Media, 1994  
[Buy the book](#)

Fix up your sales skills by cultivating only 25 habits. It's only a few little things, but can you change your habits?

### Recommendation

Noted sales trainer - and the head genius of cold calling - Stephan Schiffman succinctly describes 25 effective sales techniques. Each tip gets a short chapter with a nugget of advice, an example or two and a pat on the back to send you out the door charged up and ready to go. It doesn't matter if you've heard some of these common sense ideas before because Schiffman's compilation is so on-target, lively and encouraging. This little volume reminds you of leading sales techniques - or habits, as Schiffman calls them - that will build your customer base and increase your sales. If you're in the business of one on one product or service sales, this will boost your communications, planning, knowledge, rainmaking, visibility and confidence. Schiffman tells you to ask people what they do and help them do it better by selling into their priorities. Seems clear enough to *getAbstract.com*, given that the author doesn't only write - he also sells.

### In this summary, you will learn

- 25 tips on increasing your selling skills

### Take-Aways

- Old selling tricks don't work anymore; customers want value, information and trust
- Focus on helping your customers do what they do better and solving problems.
- Ask important, real questions about the prospects' business in the past, now and in the future, so you can suggest solutions to their problems and meet their needs.
- Keep each prospect informed about where you are in the sales cycle as you move from the initial contact to close.
- Find the most suitable customers by creating a profile of your past most satisfied customers; focus most of your attention on them.
- When new prospects call for information, don't rush to close a sale; focus on building a trusting relationship first for long-term success.
- Think of yourself as a consultant.
- Take notes when you meet with a customer and follow up the next day.

- Learn what your customer wants and needs; then create a customized written plan.
- Always be ready to ask for the next appointment and for referrals. Talk with pride about what you are doing.

## Summary

*"First and most important, you must remember that your prospects are more value-conscious and information-conscious than ever."*

*"Don't focus so much on 'needs.' The key to selling in today's fast-paced environment is to ask people what they do, how they do it, when and where they do it, why they do it that way, and how you can help them do it better."*

*"Today's successful salesperson is willing to think ahead. That means consistently looking for the next step in the sales process. That means prospecting for tomorrow - and maintaining a prospect base, even if you're given an existing account base."*

### Sales: Getting to be a Habit

To succeed in today's competitive selling environment, incorporate 25 good habits into your sales routine. Value-conscious consumers are more aware of what they are getting from a salesperson than ever. Don't use old selling tricks. Rather, emphasize helping customers do their work better and resolve their problems. Build enduring relationships based on trust, not just the image of trust. Be truly caring, since customers will see through fake concern. Make real promises you can deliver. These sales habits affect key areas: using communication skills, planning and strategizing thoughtfully, sharing knowledge, seeking leads, having enthusiasm, being honest, following up and building visibility. The 25 habits, in brief, are:

### Being a Great Communicator

Each customer contact hinges on making a real connection. Reach out with these tips:

#1: Use your communication skills to convey a message that it makes good business sense to trust you, because you are honest and trustworthy. Don't use tricks like claiming the person just won a raffle. Successful salespeople inspire trust, the hallmark of a good leader - one who has vision, deserves respect, is accountable, has a clear sense of direction and has confidence. Be "the real thing" and remember that the details matter.

#2: Ask important and real questions. A little small talk to establish rapport is fine, but get down to business, so you don't waste your prospect's time. Use a single question to make the transition from small talk to business, such as "How did you get your job?" and then explain why you are meeting. Plan to ask about the clients' responsibilities, so you can help them improve, whether that involves increasing sales volume or performing other tasks better.

#3: Guide the conversation in the direction you want, and inform the prospect where you are going. Take the lead in stating where you are in the sales cycle, so he or she feels more comfortable about the process - from initial contact to closing the sale. When you arrive, explain that first you will inform the prospect about your company; then note that you are ready to ask questions to get the information to move the sales cycle ahead, and so on.

#4: Engage your prospects by responding clearly to their statements about their requirements and what you sense are their unstated requirements. Create a "core of understanding" or a framework you can use to achieve solutions to their current problems. Adapt these responses, since every customer is different and will react differently to your presentation. Build rapport by discussing the surroundings or some interest which you apparently share with your prospect (i.e. does he have skiing pictures or golf balls on his desk?).

### Be Strategic and Plan What You Do

Careful forethought can help you take deliberate, productive action.

*"You want to develop an earned reputation for following through on everything - and I mean every syllable - that comes out of your mouth."*

*"Relationships are built on trust, and trust is built on evidence of all kinds."*

*"Base everything you ask on a simple principle: never waste the prospect's time."*

*"Tell the prospect where you are at any given point in the sales cycle."*

*"When the person starts to talk about himself, 'lean in' to the conversa-*

#5: Identify the most suitable customers for your product or service and tailor your approach. Look for prospects who match your profile of a good customer for your product. Don't focus on getting "virgin" prospects for your product line. Rather, determine your niche and the customers most likely to buy from you (which can include customers of competitors) and target them. When you contact these selected people, be as tactful as an educator or a facilitator. Win your prospects with information, not with high pressure tactics.

#6: Don't be pushy with the leads that "fall into your lap," such as when someone calls for information. You may be tempted to close the sale right away, but don't leap too quickly. That's a turn-off. Focus on developing a relationship first. Share some small talk to build rapport and get a sense of the person. Then, ask questions to learn what the person wants and why he or she contacted you. Finally, ask to set up an appointment. Don't try to close a sale on the phone, even if the person seems to want to. Your goal is establishing a personal relationship first. You are likely to sell even more and to increase the potential of future sales.

#7: Make your product or service fit your prospects' needs. Find ways to be adaptable and flexible. For example, a paper clip can have many uses besides just holding paper together. Consider how your product might fulfill a new purpose. Look at different ways to make your product presentation or find new groups of people to approach.

#8: Present yourself as a consultant - and see yourself as one, too. You are doing more than selling a product. You are a "professional problem solver." For instance, think of car sales as solving someone's transportation problems. When you sell to a business, you are solving their problems about becoming more profitable.

### **Making the Most of Your Sales Call**

When you meet with prospects, make your presentation strong and effective.

#9: Set up your next appointment on your first visit. Don't wait for the prospect to ask you back. Since you initiated the contact and have shown that you are there to help, it is logical to ask to come again to show how you would implement your proposed solution. Estimate the time you need to prepare a quote and when you can return; use that to set your next meeting. If you have to reschedule, do so. But get the follow-up appointment set right away.

#10: Take notes - writing them has value and so does owning them to guide you after your meeting. Taking notes will help you: 1) listen and pay attention to important points; 2) show that you are in a position of control and authority; 3) analyze the information from your meeting; 4) encourage the prospect to give you more information; 5) send a positive signal to the prospect about your interest and concern.

#11: Create a customized, written plan for each new prospect. Use the material you obtain in your meetings to derive your plan. As you listen, note any problems and ways to adapt your product or service to that customer. Identify solutions to tailor your plan.

#12: Ask for referrals. One ideal time to do this is when you send a letter to thank your client for his or her business. Add a note that your business depends on referrals and invite the customer to list the names and phone numbers of a few people in the industry who might benefit from talking to you. Note that you don't need to use the customer's name. Or, more directly, ask for referrals in person and see if the contact will call them for you.

### **Have the Right Attitude for Success**

Your personal demeanor affects your sales. Work on these habits:

*tion. People who talk about themselves are more relaxed than people who don't."*

*"Show care by really caring. When the prospect outlines a problem, show the same concern you would if it were yours."*

*"Most successful salespeople develop a sense of who the likely customer is - and then put themselves in front of as many of those types of people as possible."*

*"Look at each lead as a sales relationship - and remember that relationships take time to develop."*

*"Ask yourself, does what you sell work in only one way? Or can you adjust it? Can you make it serve some new purpose*

**#13:** Show your enthusiasm. Don't go overboard trying to embrace clients or throw around insincere compliments. Just adopt a friendly, warm approach. Use good eye contact, a strong handshake, and calm, confident movements and gestures.

**#14:** Combine humility with giving yourself credit. Show that you feel proud and confident about your work, but avoid seeming arrogant. Demonstrate "success, confidence and flexibility," which are professional hallmarks. Assert your ability to succeed, perhaps by describing how you have helped someone else do what the prospect hopes to achieve.

**#15:** Be honest in whatever you say. It's easier to remember what you've said when you speak only the truth - and it shows you are trustworthy. Sales depend on relationships; relationships depend on trust. It's fine to occasionally exaggerate a compliment, such as telling a person he has a great-looking office, when it's only ordinary. But don't misrepresent your ability to solve a business problem; that's at the heart of your professional relationship.

**#16:** Use self-motivators. Be specific about your goals and the roles you value. Find sources of positive reinforcement, such as another salesperson with whom you can share support, advice and helpful critiques. Leave yourself affirmative notes, such as "I can do it."

### **Stay on Top of Your Industry**

It's critical to stay informed and to use the early morning productively. Here's how.

**#17:** Start early, so you can reach important decision-makers. Many come in very early and may even answer their own phones when you call, since the secretaries and receptionist haven't arrived yet. Arriving early lets you do your paperwork before the peak contact times for calling and meeting most prospects. And, commuting is easier if you're early.

**#18:** Read the publications in your industry - and in your client's industries, to stay abreast of changes and trends, so you can adapt how you sell. The "who's who" and "on the move" sections are a good source of leads. To control costs, try the library.

### **Dare to be Out There**

Maintain a high community profile and follow-up with the people you meet.

**#19:** Support your prospect meetings by calling or writing to follow up the next day. Create a tickler system or write in these calls into your daily schedule. This reminds your prospects of your presence and shows your commitment to addressing their problems.

**#20:** Give speeches to community groups, including businesses and civic organizations. Develop your speaking skills and learn to share your knowledge. Expand your contacts beyond your own industry to a wide variety of groups. Your speeches reinforce your sales message, and 10% of your audience will ask you for information about your product.

**#21:** When appropriate, pass on an opportunity to others. If you help others, they will help you in return. View other salespeople as teammates and colleagues, rather than competitors.

**#22:** If something goes wrong with a sales presentation or an expected sale ends with a "no," take responsibility for that. Don't be shocked that the prospect doesn't want to buy. Rather suggest that the problem must be in your presentation or in something your company is doing wrong. Your prospect may then describe any remaining obstacles and this can turn into a sale.

*or function? The key lies in opening your own mind to new possibilities, then following through."*

#23: Be honest about the firm where you work. If you don't feel there is a fit or the people don't meet your standards for ethics, quality or customer support, move on.

#24: Spread the word to everyone you meet about your company and your product line. Talk with pride, though don't give everyone a sales pitch. Quick introductions can become leads.

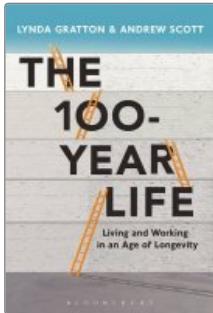
#25: Maintain your sense of humor. Don't take yourself too seriously. Detach yourself from the day to day routine and laugh about what you do. It's refreshing and good for the soul.

## About the Author

**Stephan Schiffman** has trained more than 250,000 sales people. He is president of DEI Management Group and the author of *Cold Calling Techniques (That Really Work!)*, *The 25 Most Common Sales Mistakes - and How to Avoid Them*, and a number of other books on sales.

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Book

## The 100-Year Life

Living and Working in an Age of Longevity

Lynda Gratton and Andrew Scott  
Bloomsbury, 2016

[Buy the book](#)

A longer life can be a blessing if you know how to prepare for your future.

## Recommendation

Celebrating a 100th birthday used to be a rare occurrence. But as of 2016, half the children born in the West have a life expectancy of 105 years. These extra years will likely be healthy, as morbidity rates are predicted to decrease in many parts of the world. Yet, the gift of a long life brings unexpected complications. In this well-researched, comprehensive if academic overview, London Business School professors Lynda Gratton and Andrew Scott address some of these issues, including supporting yourself during an extended retirement, maintaining beneficial relationships, staying healthy, and periodically updating your skills and knowledge. While end-of-chapter summaries or bullet points might have been helpful, *getAbstract* finds that this in-depth analysis will help everyone hoping to spend an extra decade or two on Earth and anyone seeking to hire them, invest in them or sell to them.

## In this summary, you will learn

- How increased longevity will change how you plan your life
- Why the usual “three-stage life plan” of school, work and retirement is becoming obsolete
- How to rethink your relationships, career, education and finances so you can enjoy a long life

## Take-Aways

- As of 2016, children born in the West have a 50% chance of living to age 105.
- The “compression of morbidity” means people stay healthier later into their life spans.
- To create the necessary options for longer lives, people must replace the model of a “three-stage” life – education, work and retirement – with a “multistage” life.
- New life stages will emerge, including “the Explorer, the Independent Producer and the Portfolio.”
- Making a multistage life work will require flexibility and a changed use of time.

- Careers using “uniquely human skills” are less vulnerable to technological substitution.
- Foresighted companies will redesign policies to promote increased employee longevity.
- A rich, fulfilling life requires intangible assets like relationships, happiness and health.
- These intangible advantages can be “productive assets, vitality assets” or “transformational assets.”
- Long-range financial planning requires both “efficacy” – belief in your assessment abilities – and “agency” – the self-control to follow a savings plan.

## Summary

*“Millions of people can look forward to a long life, and this will create pressure on how they live and how society and businesses operate.”*

*“The value of finding an optimal match – either over lifestyle, career or marriage – is greater with a long life and, of course, the costs of a bad match or a wrong early commitment are also greater.”*

*“There are real opportunities to move...to a way of living that is more flexible and more responsive.”*

### Live Long and Prosper

Children born in the US in 2016 can anticipate reaching their 100th birthdays. The last two centuries have seen an increase in life expectancy of two years per decade. Unforeseen or unfortunate circumstances aside, you will live longer than your parents and grandparents, and your children will live longer than you. For some, a long life is a burden. Others see it as a gift of endless possibility. In the future, people will continue to work into their eighth and ninth decades. The job market will change and evolve, requiring new skills and knowledge. While finances will play an obviously crucial role, nonfinancial assets such as relationships, health and happiness are equally important. People will move away from the traditional “three-stage” life of education, career and retirement toward a life of multiple stages. In such a “multistage” life, people may have several careers, undergo various transitions, and take breaks to recharge or learn new skills. These life transitions evoke flexibility, discovery, new perspectives, wider networks and new relationships.

“Re-creation will be more important than recreation,” as people invest in learning and skill development throughout their lives. A longer life journey will come with more forks in the road: times to choose among various options and take different directions. Rather than feeling elderly for a longer time, those enjoying a healthier 100-year life should extend their youthful mind-set, explore new options throughout their lives, stay flexible in their thinking and interact with people of all ages.

Clearly, having a working partner eases the financial burden of a longer life, but making relationships work over decades takes commitment, mutual trust and planning. Both genders will need to modify their attitudes and behaviors. Partners must synchronize their transitions and stages. Different types of partnerships and family units will continue to gain popularity, including cohabitation and single parenting. Greater longevity will compel people to forge new paths and develop new ways of living.

### Aging Gracefully

Beginning in the 1920s, child and infant mortality rates fell as science tackled the main infectious diseases, namely smallpox, tuberculosis and typhoid. The medical community turned its attention to afflictions of middle age, such as cardiovascular disease and cancer. Early diagnosis, new treatments, public education and government health care lessened the effects of these chronic issues. The next significant improvement will come from tackling diseases found in the elderly.

Many people fear of living longer with Alzheimer's disease or dementia, but research shows that most people can anticipate being healthier longer into their life spans. The "compression of morbidity" – the "health-related quality of life before death" – helps maintain good health. Already people are beginning to experience some diseases of aging, such as diabetes and arthritis, later in life. Today's elderly people enjoy a higher quality of continued participation in the "activities of daily living" or ADL, which include such self-care as bathing, dressing and eating. Healthier aging does depend on location. In some countries, morbidity rates have increased or remained the same.

*"Identity will be based more on what you do than on where you started, and the more roles you take, the less useful any one role will be in determining your identity."*

*"Periods of work become more extensive, savings more central and, across the passage of time, major transformations occur in industries and jobs."*

*"A good life would be one with a supportive family, great friends, strong skills and knowledge, and good physical and mental health."*

*"The great advantage of increasing life expectancy is it is happening slowly and is*

### **Paying the Bills**

The longer you live, the more money you'll need, either by boosting your savings or working longer. This presents substantial challenges. The usual three-stage life of education, work and retirement worked for "Jack," who was born in 1945 and died at age 70. Jack's state and company pensions, supplemented by his 4.3% annual savings rate, paid for his short retirement. "Jimmy," born in 1971, faces a life expectancy of 85. He has no pension, and his necessary projected savings rate is an unrealistic 17.2% per year. For "Jane," born in 1998 with a life expectancy of 100, the necessary annual savings rate jumps to 31%, even if she works into her 80s. Viewing greater longevity through the lens of the three-stage life feels overwhelming, unrealistic and exhausting. An elongated work stage is grueling and depletes your nonfinancial assets, including health and relationships. Longevity is more appealing for a life of multiple stages.

### **Technology's Effects**

Tech advances render some jobs obsolete while creating new ones. Since 1979, the labor market has "hollowed out," meaning that the number of high- and low-skill level jobs have increased, but the number of middle-range positions has dwindled. Technology replaced many medium-skill jobs and carved out more roles for skilled workers. The hollowing out of the middle will increase as computers take on more routine tasks, like driving or diagnosing medical conditions. However, technological progress and productivity will raise the overall standard of living, boosting consumerism and generating new industries. The future will feature entirely new sectors and jobs.

Jobs that require "uniquely human skills" are less vulnerable to technological replacement. David Autor's article "Why Are There Still so Many Jobs?" identifies two sets of uniquely human traits. The first is complex problem solving built on experience and inductive reasoning. The second refers to roles based on interpersonal interactions. People born at the turn of the century should choose career paths with an "absolute advantage" – as in a job humans will always perform better than robots – or a "comparative advantage" – a job in which people and machines work together.

### **"Vitality Assets"**

Family, friends, health and learning are the intangible but necessary ingredients of a rich, fulfilling life. These intangibles strengthen your tangible assets. For example, learning and acquiring skills boosts your earning potential. Intangible advantages can be "productive assets, vitality assets" or "transformational assets." Productive assets like education and skill development build capabilities and career growth. Periods of learning may take place throughout a 100-year lifetime due either to the obsolescence of existing skills or the desire for new knowledge. Developing your "professional social capital" through collaborative relationships boosts your long-term creativity and productivity. Building your personal brand – that is, a good reputation – grows increasingly valuable as you fulfill your responsibilities, seek opportunities or enter new fields.

Vitality assets include your mental and physical well-being, which you should proactively maintain and improve. Healthy eating habits, regular exercise, stress management and nurturing relationships are crucial for a long, happy life. The

*predictable from afar. We need to seize this advantage and make sure we prepare appropriately.”*

*“When life extends, most people will have no choice but to work a great deal longer.”*

*“The acquisition of new skills and new specialisms will become a lifelong endeavor.”*

*“The gift of a longer life is ultimately the gift of time. In this long sweep of time, there is a chance to craft a purposeful and meaningful life.”*

*“As globalization and technology changed how people lived and worked... increasing*

outdated three-stage life model creates many imbalances for people such as Jack who focus on work and career development for long periods of time and put their vitality assets on the back burner. For a more workable arrangement, look toward the multistage life with a longer education stage and a fragmented work stage as people shift between working and taking time to renew themselves and build fresh skills.

These transitions require transformational assets that build your ability to change throughout your life. Pursue three interrelated characteristics of transformation, starting with attaining self-knowledge through a frank assessment of your present self and what you might be like in the future. The second element is the ability to create diverse networks of people drawn from a wide social circle. The third is openness to new experiences and ideas plus the willingness to experiment and change your behaviors.

### **The Multistage Life**

For most of history, people lived only two life stages: child and adult. The 20th century saw the emergence of two “age-located” stages: teenagers and retirees. As the three-stage life becomes unworkable, three new life stages will materialize: “the Explorer, the Independent Producer and the Portfolio.” A particular mind-set determines these stages, more than a particular age. Stanford literature professor Robert Pogue Harrison describes this mind-set as “juvenescence, the state of being youthful or growing young.” Maintaining a youthful mind-set enables people to experiment, play, change and grow.

Explorers observe their surroundings, figure out their likes and dislikes through trial and error, and discover their natural talents. Throughout their lives, they examine their values and develop their identities. Amassing a range of experiences prepares Explorers to make choices that align with their values, interests and skill sets. Picking a suitable educational direction, finding a fulfilling job, working for a company that mirrors your values and falling in love with the right person affect the course of your life. Making the right choices takes on greater significance if you live a century or longer; the impact of poor choices lasts longer, too.

People may choose to become Independent Producers at various times in their 100-year life. New forms of entrepreneurship will emerge as people leave traditional careers to engage in independent work such as producing a product, providing a service or pursuing an idea. Rather than trying to build a company to run or sell, independent producers exploit the opportunities of the moment. The Portfolio stage is not age-dependent, although people in their later years may find it an attractive option. People in the Portfolio stage engage in a combination of activities, such as working, volunteering, and pursuing their hobbies and interests.

### **The Language of Finance**

Most people don’t understand the language and basics of finance. If you fail to provide for your future, you run the risk of depleting your resources too early. Adequate financial planning relies on “efficacy” – the belief in your ability to accurately assess your finances – and “agency” – the self-control to follow a savings plan. People face three common financial planning pitfalls: the belief that you can live on less than a 50% pension plus savings, assuming the equity you build in your home will support you in retirement and trying to outsmart market averages with a superior investment strategy. Develop financial literacy through research and study. Manage your portfolio by diversifying your risk instead of investing heavily in a few specific companies or your employer. Reduce risk as you near retirement age, and safeguard your income during retirement.

Time is either the gift or the curse of living a longer life. In 1930, economist John Maynard Keynes predicted that equally distributed prosperity would create greater leisure time for more and more people. Keynes was correct that prosperity

*longevity will do the same.”*

*“The 100-year life...is not science fiction or some wild guess about the future, nor is it an upper limit only for a lucky few.”*

*“Following best-practice advice on healthy living is a cornerstone of making the most of the gift of longevity.”*

begets leisure, but he miscalculated the massive increase of consumerism in the 20th century. People want more material possessions and will work longer hours to get them. Keynes failed to foresee that lower-skilled workers would gain a shorter work week, while higher-income earners would work longer than ever before.

Yet, even people working fewer hours feel “time-poor.” Outside work, they rush from one activity, chore or obligation to another. People may have more discretionary time but they feel they have less spare time. A multistage life requires flexibility and restructuring your time so you can work. The current three-stage life model makes it impossible to take time to retrain or renew. The Industrial Revolution standardized the work week and led to changes in government and society. Increased longevity will challenge existing societal constructs even more.

### **Redesigning Corporations**

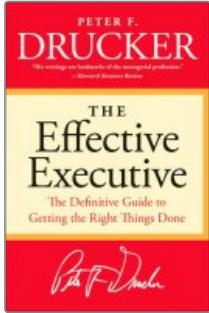
Some companies will resist meeting the demands of the longer-lived workforce, but businesses will need to redesign their policies in six areas:

1. Expand the employer-employee relationship beyond tangible assets, and design jobs to enhance people’s intangible assets such as productivity or vitality.
2. Support personal transitions by providing training, helping employees develop diverse networks and offering constructive feedback.
3. Shift practices built on the perspective of a three-stage life to a multistage life model.
4. Consider men’s and women’s varying needs at different stages in their lives, and provide flexibility in their hours, scheduling and deadlines.
5. Shed policies, both written and unwritten, that promote ageism.
6. To encourage people to take time for experimentation and renewal, stop penalizing applicants for time gaps in their résumés.

## About the Authors

Management practice professor **Lynda Gratton** received the 2015 award for best teacher at the London Business School, where **Andrew Scott** is an economics professor. He previously taught at Harvard University and the London School of Economics.

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Book

## The Effective Executive

Peter F. Drucker  
Harper, 2006  
First Edition: 1966  
[Buy the book](#)

Executives' positions conspire against their effectiveness. Peter Drucker says to fix this problem with five new habits.

## Recommendation

As an author and an intellectual, the late Peter F. Drucker was a true business sage. Recognized as the father of modern management, Drucker forecast numerous pivotal trends, including decentralization, privatization and the development of the information society. He introduced the concept of the “knowledge worker,” a term he employs widely in this fascinating book. Each Drucker book is a genuine business classic, including this one. He delves into detail about what managers should accomplish and how they should conceptualize their role. *getAbstract* believes it will help you think productively about what you do. No one writes more intelligently or presciently on management and its functions than Drucker. All executives, even those who are already effective, will benefit from reading this informative, enlightening book.

### In this summary, you will learn

- Why an executive must be effective
- What five habits you should develop to become a more productive manager
- Why society depends on successful organizations and the executives who make them so

### Take-Aways

- Effective executives prioritize, make plans, take responsibility, communicate, seek opportunities, hold productive meetings and contribute to their organizations.
- An executive's position conspires against his or her effectiveness.
- Nevertheless, you can teach yourself to become an effective executive.
- To do so, you must master five specific habits.
- The first habit is to control your time and understand how you use it.
- The second habit is to focus on what you can contribute to your organization.
- The third habit is to build on your strengths and your company's strengths.
- The fourth habit is to prioritize your objectives, and work on them one by one.

- The fifth habit is to standardize decision making where possible.
- Society depends on effective organizations, which depend on effective leaders.

## Summary

*"The executive is paid for being effective."*

*"Effective executives do first things first, and they do one thing at a time."*

*"Executives are doers; they execute."*

*"Time is the scarcest resource, and unless it is managed, nothing else can be managed."*

### You Can Teach Yourself to Become Effective

You cannot manage others if you cannot manage yourself. For the executive – the ultimate “knowledge worker” – this means managing your own effectiveness. This is not a complicated task. It involves adopting a few specific practices and five pivotal habits. Being effective is a lynchpin requirement for any executive. An ineffective executive is an imposter – a leader in name only. To become more productive, use these eight practices:

1. **Focus on what needs doing** – Often, this may differ from what you want to do. Tend to only one or two tasks at any given time. Delegate the others.
2. **Make sure your actions benefit your organization** – Are you doing the best thing for your enterprise? The organization is what counts, not the “owners, the stock price, the employees or the executives.”
3. **Create an action plan** – Knowledge, wisdom and expertise are useless without action. However, action without a plan is counterproductive. Your action plan represents your intentions, not your commitments. Be ready to change if circumstances warrant it. Periodically check your plan to ensure that it is still working correctly.
4. **Assume responsibility for your actions** – Make sure your direct reports know the action plan and all its important particulars, including deadlines. Determine who will carry it out, who it affects, and who must be informed and updated about the plan.
5. **Communicate your plan to others** – This includes your subordinates and superiors.
6. **Seek opportunities** – See change as something to exploit, not as a threat. Never let problems block opportunities.
7. **Make your meetings productive** – Meetings are either very useful or giant time-wasters. No in-between exists. Having fruitful meetings requires self-discipline. End them as soon as you accomplish your objectives.
8. **Orient your thinking to “we,” not “I”** – What is important to you isn’t really relevant. What matters most is what is valuable for the organization.

Executives can be brilliant, imaginative and informed, and yet still ineffective. Effective executives are systematic. They work hard in the right areas and their results define them. They are knowledge workers who help the organization achieve its goals. They look beyond mere management tasks and try to perceive important trends that will affect their organizations. Unfortunately, executives’ positions of authority actually conspire against their personal effectiveness.

### Time constraints

An executive’s time isn’t their own. It belongs to everyone in the organization. Thus, when people inside or outside the firm need to interact with an executive, they feel completely free to interrupt. Such constant breaks in concentration make it hard to work productively.

### Operation-itis

U.S. executives come up through the ranks, so they often focus a lion's share of their attention on their original "home" departments. That is, they get stuck in operational mode. Some analysts fault European executives for the same problem, but, ironically, many European executives move into top management from a "central secretariat," where they previously performed as generalists.

### **Organizational silos**

Most organizations have separate fiefdoms where individual experts focus on specialized pursuits – accounting, legal, research, data management and so on. Each group has separate agendas and goals, but their executives often must combine their efforts. Unfortunately, executives do not always have control over area specialists and may not get the support they require from their own realms.

### **Insularity**

Executives operate deep inside organizations. As a result, many do not come into contact with outsiders, including customers, market analysts, suppliers and so on. But these exterior connections really count. The organization cannot survive without favorable outside results, such as increased sales, good public relations and strong distributor support. Thus, for any organization, the external reality controls almost everything of merit. Unfortunately, as they advance within organizations, many executives lose touch with this crucial external reality. Their effectiveness suffers as they begin to focus more on computer-generated data about operations and less on actual marketplace realities.

All executives face such occupational hazards. Indeed, they go with the territory. Fortunately, you can learn to become more effective, despite the obstacles, by developing these five habits:

#### **First Habit: "Know Thy Time"**

To use your time well, take these three steps:

1. **"Recording time"** – If you don't keep track of your time, you cannot know how you spend (or waste) it. Therefore, carefully write down how long each task takes, then use this log as a guide to delegate certain chores and activities. Assign these items to your direct reports, but also ask if you are wasting their time. If so, make a change. The more effective they are, the more effective you will become.
2. **"Managing time"** – Do you have a good system in place to protect your time? You do not if you routinely experience the same periodic time crises – for example, a rush to conduct an annual inventory. Plan recurring events better to save time. Sometimes, having too many people on hand wastes time because employees interact instead of just doing the activities involved. Prune personnel to operate more efficiently. Holding too many meetings is a major time-waster. Cut back whenever possible.
3. **"Consolidating time"** – If you are a senior executive, you are likely to have control over only one-quarter of your own time, maybe less. Determine how much discretionary time you possess, then consolidate it to employ it well. Set this block of time aside to use productively. Don't let anything interfere. Often, this requires iron self-discipline. So be it. You cannot achieve sustained results in small chunks of time.

#### **Second Habit: "What Can I Contribute?"**

Do you worry too much about your staff members' daily activities and not enough about what results they accomplish? An effective sales manager is not someone who runs the sales department but, rather, someone who makes sure the company's products sell. An effective accountant doesn't just balance the books; instead, they supply the financial information the business needs to ensure that it can operate profitably. Focus less on your individual effort. Concentrate instead on the real core contributions you can make to the organization.

*"Organizations are held together by information rather than by ownership or command."*

*"Listen first, speak last."*

*"The most common cause of executive failure is inability or unwillingness to change with the demands of a new position."*

*"The great majority of executives tend to focus downward. They are occupied with efforts rather than results."*

Do not define these contributions narrowly. Include “direct results,” such as increased sales or decreased costs, as well as work that develops the organization, such as guiding new employees, or helping build and maintain your organization’s values. Ask your colleagues, subordinates and superiors, “What contribution can I make that will enable you to contribute more effectively?” Then work hard to deliver it.

### **Third Habit: “Making Strength Productive”**

Strength is an asset. This is true regarding your strong points – your abilities, expertise, knowledge and personality – and those of your co-workers. The effective executive always builds on his or her strengths, and on others’ strengths, as well. This starts with staffing decisions. When hiring, do not try to avoid weaknesses. Instead, maximize strengths. Do not ask, “Will this person work well with me?” Rather, focus on the contributions that the person could make to the organization.

During the American Civil War, advisers warned U.S. President Abraham Lincoln that the highly effective General Ulysses S. Grant was a drunkard. “If I knew his brand, I’d send a barrel...to some other generals,” Lincoln replied. He always focused on results, not weaknesses. So did General Robert E. Lee, head of the Confederate Army. One general under Lee’s command ignored his orders, thus upsetting Lee’s battle plan. “Why don’t you relieve him of his command?” one aide asked Lee. “What an absurd question,” Lee replied. “He performs.” In business, as in war, results count. Keep that uppermost in your mind when evaluating future – and current – employees.

### **Fourth Habit: “First Things First”**

Multitasking is a mistake and really doesn’t work well. To get things done, concentrate on one task at a time, or two at the most. Three is almost always unrealistic. Yet, throughout history some geniuses have been able to do numerous tasks at once. Wolfgang Mozart supposedly could create multiple musical compositions at the same time. But most of us are not Mozarts. You may be able to accomplish your objectives by multitasking, but your work will be substandard.

Instead of multitasking, work smartly and quickly on one job at a time. This does not mean working in a hurried dither; it means concentrating and working steadily on the task at hand. Involve yourself and your team in productive pursuits. If an activity is unproductive, drop it. Always prioritize. This takes courage. Aim high in your goals. Keep your eye on the future, not on the past. Always allow a margin of work time for the unexpected to occur. It definitely will.

### **Fifth Habit: “Decision Making”**

Most situations that require you to make decisions are basically generic – that is, typical and unexceptional. You can deal with such circumstances by applying established rules, and general principles and procedures. The challenge is to determine when a situation is, indeed, typical or when it is different in some way that needs unique handling. The biggest decision-making mistake is to try to deal with a generic problem as if it were unusual.

For example, production problems recur continuously, so you can deal with them by using decisions and actions that worked well in the past. On the other hand, a massive power failure (like the one in northeastern North America in 1965) is a hugely atypical event. Resolving it demands special decision making, not the application of proven rules. Being able to distinguish generic situations from extraordinary ones is the core of effective executive decision making.

### **“The Criterion of Relevance”**

The value of the decisions you make depends on their relevance. This is the correct measurement of the validity of your subjective judgment regarding any situation you have to handle as an executive. The clarity and relevance of your

*“The truly important events on the outside are not the trends. They are changes in the trends.”*

*“Effective executives know that their subordinates are paid to perform, and not to please their superiors.”*

*“The sooner operating managers learn to make decisions as genuine judgments on risk and uncertainty, the sooner we will overcome one of the basic weaknesses of large organizations – the absence of any training and testing for the decision-making top positions.”*

*"Most executives have learned that what one postpones, one actually abandons."*

*"A decision requires courage as much as it requires judgment."*

opinion matter because the real facts of most situations are rarely discernible immediately; they usually manifest over a period of time.

Always operate as if the “traditional measurement is not the right measurement.” Look for other options. For example, you can measure the value of an investment or capital expenditure according to how long it will take to recover your outlay. You can determine an investment’s anticipated profitability or the current value of the expected returns. Each of these yardsticks presents only a partial picture of the expenditure’s probable value, so insist that your accountants provide all such calculations. The combination of data that emerges from these separate ways of gauging relevance will enable you to make the most informed decision.

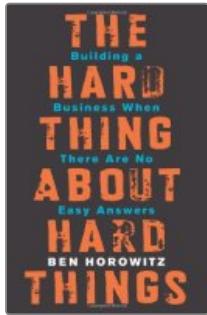
### **Everything Depends on You**

As an executive and a knowledge worker, you represent a highly valuable – indeed, indispensable – resource. Society depends on you, and millions of knowledge workers like you, to be maximally effective. If you are effective, your organization can be productive and make important contributions to the general good. Purposeful, efficient organizations can serve as “useful tools” to make life better for all. This is an enlightened and noble purpose. But society cannot achieve this vital goal if its organizations are ineffective. To avoid that pitfall, they require strong knowledge workers. Thus, you are an integral element of the system that moves society forward. Fortunately, any executive can learn to be an even more effective professional. It’s a matter of habit.

## About the Author

**Peter F. Drucker** was a management consultant and writer. His 39 books and numerous articles discuss how humans organize themselves in business, government and the nonprofit arena. Drucker died in 2005.

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Book

## The Hard Thing About Hard Things

Building a Business When There Are No Easy Answers

Ben Horowitz  
HarperBusiness, 2014  
[Buy the book](#)

Instructive tales from a tech survivor:  
 A Silicon Valley entrepreneur tells  
 what he learned the hard way.

### Recommendation

Ben Horowitz guided Loudcloud through life-or-death struggles before selling it to Hewlett-Packard for \$1.65 billion. He argues that no formula can promise entrepreneurial success. Horowitz is a first-rate storyteller and a refreshingly irreverent teacher who uses allusions ranging from Jay Z to Clint Eastwood to Dr. Seuss. Any business leader will find worthy guidance in this exhortation to persist through “the Struggle.” *getAbstract* recommends Horowitz’s part autobiography, part tip sheet to anyone building a company.

### In this summary, you will learn

- What Loudcloud’s struggles reveal about running a start-up
- Why it is important to put your people before products or profits
- What qualities a leader needs
- When you should consider selling your company

### Take-Aways

- You may start a company with high hopes, but eventually – like Ben Horowitz at Loudcloud – you’ll experience “the Struggle.”
- Horowitz didn’t struggle alone; he enlisted the best minds in order to address his company’s problems.
- His advice: Put your people first, then your products, and then your profits.
- People with “the right kind of ambition” care about the team’s success.
- Don’t convey only optimism; be honest about threats to the company.
- Managers should deliver news of firings to their people with compassion; never outsource this task to HR.
- Minimize politics about pay, promotion and territory with well-designed processes.
- Company culture drives behavior that moves the firm toward its goals.
- Build your knowledge daily through small interactions with customers and employees.

- The founders of successful start-ups like Loudcloud share one quality: They don't quit.

## Summary

*"Hard things are hard because there are no easy answers or recipes...They are hard because you don't know the answer and you cannot ask for help without showing weakness."*

*"There are no shortcuts to knowledge, especially knowledge gained from personal experience."*

*"The Struggle is when you wonder why you started the company in the first place. The Struggle is when people ask you why you don't quit and you don't know the answer."*

### Loudcloud, Opsware and “the Struggle”

Every start-up encounters the Struggle. Your product turns out to have costly flaws. Your cash runs low, and your venture capitalist tells you fund raising seems unlikely. A loyal customer leaves you. A valuable employee walks away.

There's no way around the Struggle and no formula for fixing your problems. Your company might not make it. Entrepreneurs who make it share one characteristic: They don't quit.

Netscape veterans Ben Horowitz and Marc Andreessen founded Loudcloud, a cloud services provider, in 1999 and soon hit a rocky road. Seven months after they launched Loudcloud – its name marked the first time “cloud” had been used popularly to describe a computing environment – Horowitz and Andreessen had booked \$10 million in contracts. They were hiring so fast – 30 employees a month – that workers had to sit in the hallways.

Then came the dot-com crash of 2000; the NASDAQ fell by 10%. Loudcloud needed capital but faced long odds. After Horowitz pitched one set of prospective backers, a colleague told him the skeptical investors “thought you were smoking crack.” Loudcloud raised a total of \$120 million, but with so many start-ups collapsing, the company's bookings fell far short of its forecasts.

Horowitz and his board, seeing few prospects for investment from the private market, decided to take Loudcloud public. It was a risky move, with just six weeks of cash remaining in the worst possible environment for a technology IPO. The company took a pounding in the press: *BusinessWeek* called it “the IPO from hell.” The offering debuted at \$6 a share and the company raised \$162.5 million, but nobody celebrated. As the dot-com downturn worsened, the company laid off 15% of its workforce and its stock fell to \$2.

Horowitz engineered a deal to sell the cloud business to EDS for \$63.5 million and remake Loudcloud as a software company built around its intellectual property, Opsware. Investors balked: Its share price plummeted to 35 cents before slowly recovering.

As Horowitz built the software business, he again responded to crises with bold moves. When a key customer threatened to defect, Opsware bought a North Carolina company that provided the client the software he wanted. When a major new competitor began pummeling Opsware in the marketplace, Horowitz launched the Darwin Project, during which staffers worked 14 hours per day, seven days per week, for six months.

After Herculean labors, Opsware's software business “approached a \$150 million revenue run rate,” and its stock sometimes traded at a market capitalization of more than \$800 million. Horowitz decided to entertain offers for Opsware, but only at \$14 or more a share. Eventually, Hewlett-Packard agreed to acquire the company for \$14.25 a share or \$1.65 billion in cash.

Selling the company was wrenching, but Horowitz came to regard it as the smartest move of his career. “We'd built something from nothing, saw it go back to nothing again and then rebuilt it into a \$1.65 billion franchise.”

### Getting Through the Hard Times

*“Every great entrepreneur from Steve Jobs to Mark Zuckerberg went through the Struggle...so you are not alone. But that does not mean that you will make it.”*

*“Managers must lay off their own people. They cannot pass the task to HR...if you hired me and I busted my ass working for you, I expect you to have the courage to lay me off yourself.”*

*“The first thing that any successful CEO must do is get really great people to work for her.”*

*“Even with all the advice and hindsight in the world, hard things will continue to be hard things.”*

As he guided Loudcloud and then Opsware through difficult days, Horowitz drew strength from the lessons he learned:

- **“Don’t put it all on your shoulders”** – As CEO, you can’t share everything, but remember that you don’t have to bear every burden alone. Muster as many brains as possible to attack a problem.
- **Remember “there is always a move”** – Running a company is like playing chess: When you think you’re out of moves, think again. You always have a move.
- **“Play long enough and you might get lucky”** – The technology environment changes so fast that you might find the elusive answer another day, if you can just hang on.
- **“Tell it like it is”** – At first, Horowitz thought his role as CEO required him to set a positive tone and avoid letting the workforce know the gravity of the company’s problems. Instead of motivating the troops, that approach compromised his credibility. As CEO, you’re better off sharing information about your firm’s problems with those who can harness their energy toward solving them.

### **Dealing with Layoffs and Firings**

Horowitz’s company went through three separate layoffs involving a combined 400 employees. Few start-ups recover from consecutive layoffs of that magnitude, because they break the trust of those left behind. Horowitz believed Loudcloud was able to keep its best employees after multiple layoffs because “we laid people off the right way.”

If you must cut staff, begin the layoffs as soon as possible after deciding to do so, because word about dismissals leaking out may cause further and even greater problems. Have managers deliver the news to their own people; never outsource it to human resources. Managers should explain that the layoffs stem from a company failure, not the employees’ personal failures. They should make clear the decisions are nonnegotiable and should explain severance packages fully.

When you fire an executive, the first step is figuring out why you hired the wrong person in the first place, or you’ll be firing another executive soon. Maybe you hired “for lack of weakness rather than for strengths.” Or maybe you didn’t define the position correctly at the outset.

**The Three P’s** Jim Barksdale, Horowitz’s old boss at Netscape, once said, “We take care of the people, the product and the profits – in that order.” If people like working for your company and you look out for them, they will reward you with loyalty and hard work. If you don’t take care of your people, the product and the profits won’t matter.

Taking care of people means training them well and having managers regularly meet one-on-one with their direct reports. It also means avoiding “management debt.” That accumulates when you make a short-term management move that has costly, long-term consequences. Examples would be overcompensating an employee who has a competing job offer or putting two people in the same job because you want to keep both in the company. The best CEOs avoid acquiring management debt. Faced with cutting a popular project that’s not in the company’s long-term plans or keeping it for morale purposes, they’ll cut it every time. They make hard decisions that “ruffle the feathers.”

### **Running Your Growing Company**

If you’re fortunate enough to see your company reach 1,000 employees, it will be a profoundly different organization than when you employed 10 people. You must cope with new challenges:

*"Build a culture that rewards – not punishes – people for getting problems into the open where they can be solved."*

*"The most important thing I learned as an entrepreneur was to focus on what I needed to get right and stop worrying about all the things that I did wrong or might do wrong."*

*"Every really good, really experienced CEO...tend[s] to opt for the hard answer to organizational issues... They'll ruffle the feathers."*

*"Peacetime CEO focuses on the big picture... Wartime CEO cares about a speck of dust on a gnat's ass if it interferes with the prime directive."*

- **Minimizing company politics** – Political behavior can seep into a variety of corporate activities, including performance reviews, pay, organizational structure, territory and promotions. Curtail political behavior by designing strict processes and following them relentlessly. Be sure everyone understands your promotion process. When you decide to reorganize, do it quickly, without leaving time for lobbying.
- **Hiring employees with the “right kind of ambition”** – Go for candidates who see through a “team” lens and whose ambition focuses on being part of a winning company.
- **Promoting a strong culture** – Some start-ups boast about letting employees bring pets to work or offering yoga classes. Those are perks, not culture. True culture drives behavior. Consider Amazon: To keep costs down, Jeff Bezos declared that the company would make all its desks out of cheap doors from Home Depot.

### What Makes a Leader?

A CEO should have some combination of the following traits:

- **“The ability to articulate the vision”** – Steve Jobs persuaded Apple employees to believe in his vision even when the company was near bankruptcy.
- **“The right kind of ambition”** – A leader creates an atmosphere of shared ambition and trust, a quality Bill Campbell exemplified at Intuit and other organizations.
- **“The ability to achieve the vision”** – This quality helped Andy Grove win the trust of Intel employees as he led them through a brilliant gambit: moving from the memory business to the microprocessor business.

As CEO, work on all three qualities, even though you might be stronger in one or two. Each quality enhances the others. If you can persuasively articulate a vision, for example, employees will trust you and be patient with you as you lead them toward it.

Ask three questions to judge how well a CEO performs: 1) “Does the CEO know what to do?” 2) “Can the CEO get the company to do what she knows?” and 3) “Did the CEO achieve the results against an appropriate set of objectives?”

Knowing what to do involves using strategy and sharp decision making. Acting strategically takes courage, because you’ll never have enough time to gather all the information you really need. That’s why you must keep acquiring knowledge, day by day, from many small interactions with customers and employees. When you must make a decision, you’ll be better prepared to answer questions like: How might our competitors respond? What’s the financial risk? How will employees take this?

To get the company to “do what you know,” build a workplace where employees can get things done. “The employees must be motivated, communication must be strong, the amount of common knowledge must be vast and the context must be clear.” The scale of your objectives should align with the scale of your company’s opportunities.

During the toughest times, take care of your own psychological state. “Techniques to calm your nerves” include recruiting trusted confidantes, putting your thoughts on paper, and focusing on your destination rather than on what might go wrong.

### When to Sell Your Company

One of your toughest decisions may be when to sell. Consider two questions: Are you very early in a potentially large market? Do you stand a good chance of reaching number one in that market? If the answer to either question is no, you

should consider selling. When Google was young, the company received multiple purchase offers for more than \$1 billion. But Google did not sell. Its answer to both questions would have been yes. Google was very early in a market that would be larger than all the markets the would-be buyers owned. And Google had built a high-quality product that would be number one.

When Horowitz first fielded inquiries about selling Opsware, the company had fewer than 50 customers. Horowitz believed Opsware had at least 10,000 potential customers and could reach number one. By the time Opsware had attained several hundred customers, it became clear that a company called BMC was going to acquire either Opsware or a competitor, BladeLogic. In order to be number one, Horowitz concluded, Opsware would have to beat BMC and BladeLogic together. A new technology, virtualization, was transforming the market, which would push the company into a costly R&D race. In the end, Horowitz decided to sell.

### **Andreessen Horowitz**

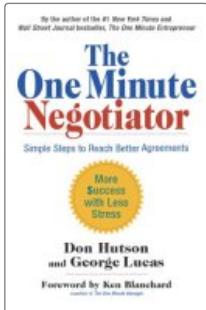
After selling Opsware to Hewlett-Packard, Horowitz joined with Andreessen to form a venture capital firm that would aid technology entrepreneurs. Besides investing in companies, their firm, Andreessen Horowitz, advises CEOs on the skills that company founders sometimes lack – managing executives, designing an organization and running a sales force. The most important lesson Horowitz tries to convey to entrepreneurs is that running a company is hard, a tough process with no easy answers. “The only thing that prepares you to run a company is running a company.” The solutions lie in the executive’s instinct, in the confidence that comes from experience and in the performance of this vital duty: “Embrace the struggle.”

*“If you don’t want to be great, then you should never have started a company.”*

## About the Author

**Ben Horowitz** is a co-founder and general partner of Silicon Valley venture capital firm Andreessen Horowitz.

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Book

## The One Minute Negotiator

Simple Steps to Reach Better Agreements

Don Hutson and George Lucas  
 Berrett-Koehler, 2010  
[Buy the book](#)

Do you have “negotiaphobia” – the  
 dreaded fear of negotiating? Here’s  
 your cure

## Recommendation

People intensely dislike negotiating. This is true for everyone, including senior business professionals. This dread may derive from the mistaken attitude that negotiation must be a win-lose confrontation. Not so, according to Don Hutson and George Lucas, who provide a memorable, three-step process you can use to negotiate effectively. *getAbstract* likes this book’s clear-headed, easy-to-follow explanation of the essence of negotiation, including how to plan for a negotiation and how to negotiate successfully. However, the book is mistitled. Nothing takes only one minute, certainly not the careful assessment, strategic thinking and tactical planning that the authors correctly assert must accompany any negotiation. Otherwise, this is an outstanding book that can help you become a more successful negotiator.

### In this summary, you will learn

- What is “negotiaphobia”
- How to plan for a negotiation with the “EASY treatment process”: engage, assess and strategize, and conduct “your one-minute drill”
- What the four negotiation strategies are
- When to use each strategy

### Take-Aways

- Most people suffer “negotiaphobia”: the fear of negotiating.
- Overcome this fear with the “EASY treatment process: Engage, Assess, and Strategize,” and then conduct “Your One-Minute Drill.”
- To engage, determine how you will treat the other side in a negotiation.
- To assess, identify your personal negotiating tendencies, and evaluate the other side’s likely tendencies.
- To strategize, select the best negotiating tactic for your particular situation.
- Choose among four negotiation strategies: “avoidance, accommodation, competition” – and the most effective approach – “collaboration.”
- Avoidance is the negotiation strategy most people prefer, but it is weak.
- Accommodation is giving the other side what it wants.

- Competition is the zero-sum game strategy – I win; you lose.
- Though most people think otherwise, compromise is not a true negotiation strategy.

## Summary

### **“Negotiaphobia”**

Jay Baxter was excited. He and his wife, Laura, had won a trip on a luxury yacht docked in Miami as part of the Top Producers Award Trip sponsored by his company, XL Information Solutions. They were pleased to leave below-freezing temperatures in Cleveland for the sunny bliss of Miami. Additionally, Jay was proud to be the top-quota producer among the 17 salespeople on the cruise. He hoped (and expected) that the company would select him as “Salesperson of the Year.” Jay also thought that the firm would give him his dream job as the new regional sales manager for the Upper Midwest. However, the trip would not be all fun. Along with the other salespeople, Jay had to attend a multiday workshop on negotiating taught by Dr. Pat, a negotiations expert. The workshop was called “Treating Your Negotiaphobia.”

Jay ran into his friend Eduardo Carlos, another XL sales rep. Eduardo told Jay that the latest gossip held that another salesperson, Cathy Simmons, was going to win the top sales award and be appointed to the regional sales manager job. Jay was baffled. When he last checked the sales figures, he was a strong 8% ahead of Cathy. But Eduardo told Jay that the determining factor for this year’s sales award was contribution to gross margin – where Cathy was well ahead.

Crushed, Jay sat down in one of the ship’s lounges and ordered a drink. A stranger wearing cowboy boots said hello and asked Jay why he looked so down. Jay explained and additionally complained that now he had to attend a negotiation seminar by some “clown” named Dr. Pat. Jay groused, “He has probably never sold one dime’s worth of information management systems in his life, and he is going to tell us how to do it.” Jay then asked his new Texas friend his name. “My name is Pat, Patrick Perkins. Some of my students call me Dr. Pat.” The negotiations expert then told Jay that he’d see him at the seminar the next morning.

That night, all the XL sales reps and the company’s president, Bob Blankenship, gathered for a special dinner to honor the salesperson of the year, Cathy Simmons, whom the president also appointed as regional sales manager. Jay gracefully congratulated Cathy, but he remained distraught.

The next day, Dr. Pat began to teach the sales reps about the fine points of negotiation. Blankenship kicked off the meeting by telling the reps that they needed to focus on profitable sales rather than volume sales. They all had to become better negotiators to achieve more profitable prices for the firm’s information management systems.

Dr. Pat began by defining negotiation as “the ongoing process through which two or more parties, whose positions are not necessarily consistent, work in an effort to reach an agreement.” The word “process” indicates something that takes place over time, and not simply a “decision phase.” While agreement is the goal of any negotiation, often the bargaining parties do not achieve it.

People share a common misconception that negotiating leads to both sides reaching a compromise. Nothing could be further from the truth. A compromise, which normally means splitting the difference, usually makes both parties unhappy. For example, a car seller asks \$7,000 for his vehicle. A prospect offers \$5,000. They split the difference and agree on \$6,000. Afterward, the seller

*“No two negotiations are alike.”*

*“While collaboration is a noble goal, if you’re negotiating with a tough, competitive individual who has no interest in collaborating, you might as well be standing on the railroad tracks trying to negotiate with a speeding train.” (Dr. Ken Blanchard, *The One Minute Manager*)*

*“Most people are extremely predictable when it comes to how they negotiate.”*

*"Proficient negotiators quickly read the other side, because no one negotiates in a vacuum."*

*"Proficient negotiators quickly read the other side, because no one negotiates in a vacuum."*

*"Proficient negotiators reap the rewards of their efforts; solid strategies generate superior outcomes."*

*"Many people...associate negotiation with the ability to 'get them before they get you'."*

*"Proficient negotiators have developed an advanced capability to maximize the benefit of all parties involved."*

berates himself for selling his car for \$1,000 less than he believed it was worth. Similarly, the buyer is angry with herself for spending \$1,000 more than she planned.

### **Negotiate in EASY Steps**

People can overcome their fear of negotiation, called "negotiaphobia," by using the "EASY treatment process." Go through these steps for every negotiation:

#### **"Engage" – How Will You Treat the Other Side?**

Know that you are involved "in a negotiation" and think through the available strategies that you can employ. The four main negotiation strategies are "avoidance, accommodation, competition and collaboration."

Competition and collaboration are "proactive," while avoidance and accommodation are "reactive." Competition and avoidance call for "low cooperation," while accommodation and collaboration involve "high cooperation." In any negotiation, it is always better to be proactive instead of reactive, and to cooperate rather than obstruct. Avoidance is the attitude: "I would like to put it off for later, but I can't." This weak negotiating strategy, which most negotiaphobes use, is no strategy at all.

Accommodation is based on giving the other side whatever it wants. While people frequently think they can develop future relationships through accommodation, they will find that they won't like the relationships that they build this way. The second party will always assume it can win. While accommodation is sometimes necessary in a negotiation, use it with great care.

Competition is the zero-sum game strategy that ends up meaning: I win; you lose. This precludes any relationship. For example, a tow truck driver negotiating with a motorist stranded in the desert can charge any amount and expect to get it; the trucker faces a minuscule likelihood of ever dealing with the same driver again. Negotiators who compete always do better than those who accommodate. If the other side is competitive and recognizes that you will compete, too, it often will provide opportunities to collaborate instead. Conversely, those who are reluctant to compete frequently get steamrolled.

Collaboration is a win-win strategy. For it to work, both parties must put their "true needs" on the table. Sadly, collaboration remains rare. Collaborative negotiators are either "sages," who collaborate only when that's what works best, or "dreamers," who always collaborate in hopes that other parties will reciprocate. The best tactic is to be both a sage and a dreamer – practical but optimistic.

#### **"Assess" – What Is Likely to Happen?**

Evaluate your tendencies regarding how you normally negotiate and how the other party negotiates. Assess yourself accurately to determine which strategic style you use most often. Many people prefer avoidance – or use it as a default negotiation mode – to avoid potential confrontations or unpleasantness. The most effective negotiators employ a collaborative style, but that doesn't mean you always should collaborate in every negotiation. If you try to collaborate just when the other party is competing, you are, in fact, practicing accommodation.

In the assessment phase of creating your negotiation strategy, analyze what tactics the other side is likely to use. If you have negotiated with the same parties in the past, expect them to utilize the approach they deployed last time; that is, "the best predictor of future behavior is past behavior." Observe and analyze the other side's "behavioral style tendencies" via four categories:

1. **"Analyticals"** – These nonemotional number crunchers want as much data as possible before they make decisions. They often utilize avoidance.

- "Many negotiators are highly predictable because their negotiaphobia leaves them feeling comfortable repeatedly using the same strategy time and again."*
2. **"Drivers"** – These direct, no-nonsense individuals have short attention spans. They often employ a heavily competitive strategy. If you can remain unflustered and avoid caving in to their initial demands, drivers often will move quickly to a collaborative posture.
  3. **"Expressives"** – These "wannabe collaborators" also have short attention spans. For the best outcomes, reach agreement with them before they lose interest and move on to something else. If you can, locate an individual within the expressive's company who can outline the firm's (and thus the expressive's) needs.
  4. **"Amiables"** – These warm, friendly people are not good negotiation opposites. They appear to like you a lot, but they may feel the same way about everybody involved. Amiables hate to make decisions and are, as such, classic avoiders. Often, you can guide them to accommodate you during a negotiation.

If you have never negotiated with your counterparts before, try to find out how they make their agreements with their customers, vendors or suppliers. The way they treat them is how they will treat you. You can learn a lot about a company by checking its website. Is the firm open and transparent? Does it provide useful information about itself? If so, expect it to be collaborative. If, on the other hand, the firm is highly secretive and not willing to share much data, expect it to adopt a competitive posture. If you are not sure how the other party will negotiate, begin with a collaborative attitude. If they are unwilling to work with you, become competitive quickly.

#### **"Strategize" – Which Approach Will Work?**

Your next step in the EASY process is to consider how you will handle this particular negotiation. Although avoidance is not a strong tactic, you may want to use it when negotiating on a minor issue or when your best option requires no negotiation. However, minor issues can turn into major ones over time. Thus, avoidance may be a good approach today, but perhaps a terrible method for handling the same things tomorrow. When the other side avoids negotiating, that may indicate that it no longer has any interest in doing business – for example, if a prospect no longer returns your calls. Every salesperson is accustomed to objections, which are useful if they indicate that your prospect is still considering your proposal.

Accommodation is a proper strategy if your hand is obviously considerably weaker than the other side's. You may be able to increase your leverage if you can turn a weak hand into a strong one by having superior knowledge or by preparing extensively for the negotiation. If you must accommodate, qualify your stance, for example: "This time around, due to the unique situation we find ourselves in, we would be willing to entertain what you propose." If you handle things this way, it won't create an accommodationist precedent for the future.

Use the competitive strategy when the other side refuses to collaborate or when collaboration is not worth the time or trouble. Collaboration is the win-win strategy you should strive to pursue in most instances. Everyone comes out ahead, and a collaborative outcome preserves positive relationships, the core of doing business. Try to work collaboratively on negotiations that happen internally in your organization. The last thing you want to do is to harm a relationship with another business unit in your company; you may need to work with that unit in the future.

#### **"Your One-Minute Drill"**

The last part of the EASY process is the Y – "Your One-Minute Drill." Take a moment prior to your negotiation to stop and think about the three steps of the EASY process: engage, assess and strategize. In doing so, ask yourself: Does this situation call for negotiation? What strategy do I normally use in this type of

*"Our success in negotiating is dependent on our ability to correctly assess the strategies being used by others."*

*"Compromise causes more confusion...than any other issue."*

negotiation? What about the other side? Considering what I am dealing with, what is my optimum strategy? Think things through systematically. When you do, you will have a better idea on how to proceed during the actual negotiation.

If you think carefully about each step, you will begin to negotiate better. Your fear of negotiation will dissipate because you have demystified the process and become more skillful. Going through each step is essential to being a good negotiator. In contrast, poor negotiators employ various tactics during negotiations without thinking about their overall strategies, a clear mistake.

*"As long as the parties are talking to each other, there is still a chance for success."*

### A Big Payoff for Jay

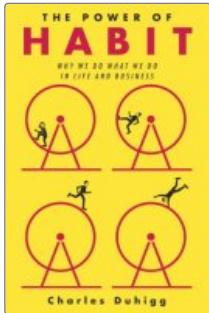
With the expression of this last thought, Dr. Pat concluded his multiday negotiation seminar. Jay promised himself to put the negotiation principles that he had learned to work immediately in his selling efforts. He did, and with terrific results. At the next year's award dinner, Jay won salesperson of the year honors. Plus, he learned to use his knowledge of negotiation not just in business, but in all areas of his life.

## About the Authors

**Don Hutson**, author of 12 books, is chairman and CEO of US Learning, where consultant **George Lucas** serves on the board.

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Book

## The Power of Habit

Why We Do What We Do in Life and Business

Charles Duhigg  
Random House, 2012  
[Buy the book](#)

You can change your life by mastering  
your habits.

## Recommendation

Have you ever wondered why some people can adopt a healthier lifestyle or realize professional achievement, while others flail and fail? Journalist Charles Duhigg attributes this dichotomy to habit and explains that successful people have learned to control and change their habits. First, they had to understand that the three steps of the “habit loop” – “cue, routine and reward” – determine what individuals do without thinking. By analyzing how undesirable habits such as overeating, excess drinking or smoking operate in that loop by satiating cravings, people who want to change can control habits that may seem to control them. *getAbstract* recommends this fun, educational book to anyone who wants to embark on self-improvement. May the force of habit be with you.

## In this summary, you will learn

- How people’s habits influence their lives
- How habits work
- How people can change their bad habits

## Take-Aways

- Habits are actions people first decide to do deliberately and keep doing subconsciously.
- People can change their bad habits if they learn how habits operate.
- The “habit loop” has three stages: a “cue” propels a person into a “routine” to reach the goal of a “reward.”
- Understanding how your habits fit these habit loop stages can help you change them.
- Correcting habits is hard because they fulfill cravings that demand satisfaction, but you can learn not to respond to a habit’s cue and rewards with the same old routine.
- Starbucks teaches employees willpower by training them to remain calm in the face of “inflection points” – situations that are likely to weaken their self-discipline.
- Altering “keystone habits” can jump-start good new behaviors or change bad old ones.

- Giant retailers, such as Target, sell to consumers by analyzing their shopping habits.
- Paul O'Neill of Alcoa, Howard Schultz of Starbucks, football coach Tony Dungy and Martin Luther King Jr. shaped change by destroying old habits and creating new ones.
- Debate continues about how much responsibility people have for their adverse actions and how much blame they can place on their habits.

## Summary

*"Habits, scientists say, emerge because the brain is constantly looking for ways to save effort."*

*"Your brain can't tell the difference between bad and good habits, and so if you have a bad one, it's always lurking there, waiting for the right cues and rewards."*

*"As we associate cues with certain rewards, a subconscious craving emerges in our brains that starts the habit loop spinning."*

### A Matter of Habit

A habit is an activity that a person deliberately decides to perform once and continues doing without focus, often frequently. Think about the complicated procedures you automatically employ to drive your car. Habits develop because the human brain is wired to seek ways to conserve energy. Researchers who study the science of habits observe that patients who lose their memories due to illness or injury still retain the ability to carry out their habits. A patient named Eugene suffered from a damaging attack of viral encephalitis and could no longer even draw a rough floor plan of his home, but he could still find the kitchen when he wanted a snack. He proved that "someone who can't remember his own age or almost anything else can develop habits that seem inconceivably complex – until you realize everyone relies on similar neurological processes every day."

"Automatic behaviors" reside in the deep brain's basal ganglia, which translate deeds into customary actions by using a process called "chunking." For example, picking up your car keys is a chunk of behavior that immediately triggers the other chunks involved in driving.

The three-stage "habit loop" also develops in the basal ganglia. In the first stage, the brain seeks a "cue" that will put it into automatic pilot and indicate what it should tell the body to do. The second stage is the "routine," or the ensuing habit. Then comes the "reward," which teaches the brain whether the loop in question is "worth remembering for the future." When the cue and the reward connect, the brain develops a strong feeling of expectation, leading to a craving and the birth of a habit. Unfortunately, the brain does not judge whether the new habit is beneficial or detrimental, so hard-to-break bad habits get rooted. However, you can change destructive habits and adopt new, positive ones by understanding and managing the cue-routine-reward loop. Focus on your cues and rewards, and alter your routine to thwart the craving.

### Pining for Pepsodent and Begging for Febreze

Claude Hopkins made a fortune marketing Pepsodent toothpaste by inventing advertising tactics designed to trigger "new habits among consumers." Brushing your teeth was not a nationwide habit in the US in the early 20th century, but Hopkins understood that if he marketed a desire (that is, a craving), he could make Pepsodent indispensable in Americans' daily lives. He built the craving to get rid of "tooth film" in order to achieve the reward of "beautiful teeth." In addition, Pepsodent provided a minty-fresh feeling in the mouth. Hopkins marketed that feeling and created a national toothpaste habit.

Similarly, Procter & Gamble mastered the habit loop to sell Febreze, an odor-destroying air freshener. After much trial and error, P&G marketers learned that shoppers did not want to admit that their homes smelled bad. Instead, they wanted to reward themselves for housecleaning by making the air smell nice as "a little mini-celebration." After P&G's original Febreze ad campaign failed, its next sets of ads portrayed the product as providing a way to add a satisfying finishing touch to a newly cleaned room – and sales skyrocketed.

*"Cravings...drive habits. And figuring out how to spark a craving makes creating a new habit easier."*

*"To change an old habit, you must address an old craving. You have to keep the same cues and rewards as before and feed the craving by inserting a new routine."*

*"Asking patients to describe what triggers their habitual behavior is...awareness training, and, like AA's insistence on forcing alcoholics to recognize their cues, it's the first step in habit reversal training."*

*"Some habits have the power to start a chain reaction, changing other habits as they move through an organization...Keystone habits start a process that, over time, transforms everything."*

Researchers found that the brain begins to look forward to the reward that a habitual routine provides. Encountering the right cue sends the brain into a “subconscious craving” that sets off the habit loop, leading to the routine and the reward. However, this process is not inevitable. Individuals can analyze their cravings to learn which one impels the habit. Similarly, people can manipulate their cravings to better ends; for example, if you value the endorphin rush of exercise, your routine of taking a run every morning can become an automatic habit loop.

### **The Golden Rule of Habit Change**

Florida football coach Tony Dungy understood the power of habit. Managing the low-achieving Tampa Bay Buccaneers, he realized that if his players could alter their habits and not overthink their plays, they would win more often. Instead of modifying his players’ cues, he changed their routines. That is the basis of changing a habit: “Almost any behavior can be transformed if the cue and reward stay the same.” Dungy taught his athletes a smaller number of plays but regularly drilled them in applying those plays whenever they got the appropriate cues. This helped the Bucs succeed, though they still couldn’t win big games in a pinch. When the Bucs fired Dungy in 2001, he went to the Indianapolis Colts and built a cohesive, winning team using the same strategy.

Alcoholics Anonymous (AA) offers a similar approach when it helps members set out to change the habits that surround their drinking. While addiction can have physiological aspects, AA focuses on the habit loop and seeks to “shift the routine” when someone encounters cues that lead to drinking. If a person drinks to forget, unwind or feel less nervous, the next step is to determine the causes of that feeling of apprehension. AA’s solution is to replace the routine of drinking with a routine of companionship – talking to other alcoholics about the craving and the feelings it sparks instead of finding refuge in a bottle. AA’s approach to alcoholism has spread to treating other addictions (food, cigarettes, drugs and gambling). AA teaches that individuals must examine their cravings closely and determine what drives them.

Additionally, people who wish to change their habits must embrace a belief that says they can change. For some, this has a spiritual element; for example, AA incorporates God in its famous 12 steps. Anyone who wants to change a behavior needs the “capacity to believe that things will get better.” For alcoholics, that means being confident that they can meet life’s challenges without a drink; for the Tampa Bay Buccaneers, it meant being firmly convinced that they could win under challenging conditions. This sense of belief is always more effective if it occurs in a group – such as the community of an AA meeting or of a team in the National Football League.

### **Habits That Change Other Habits**

When Paul O’Neill became CEO of the Aluminum Company of America (Alcoa), he startled its employees by focusing on workplace safety. He did so because he recognized that organizational habits have the power to drive change. He focused on a “keystone habit” – one that, if altered, can cascade through a firm and force other changes in seemingly unrelated areas. He knew the “habits that matter most are the ones that – when they start to shift – dislodge and remake other patterns.”

Organizations develop habits that help them do business or accomplish their goals. O’Neill’s focus on worker safety forced Alcoa to restructure the way it worked, and that made it not just safer but also leaner and meaner. Changes in safety procedures affected all areas of its business: “Costs came down, quality went up and productivity skyrocketed.” Keystone habits also can have this impact in individuals’ lives. For example, someone who exercises more tends to smoke and drink less, eat more healthful food and become more productive. Keystone habits force “small wins”: transitional accomplishments that help people realize that great successes are possible.

*“Cultures grow out of the keystone habits in every organization, whether leaders are aware of them or not.”*

*“Just as choosing the right keystone habits can create amazing change, the wrong ones can create disasters.”*

*“A movement starts because of the social habits of friendship and the strong ties between close acquaintances.”*

*“It grows because of the habits of a community and the weak ties that hold neighborhoods and clans together.”*

Starbucks's rules for employees inculcate the concept of willpower, which research identifies as the pre-eminent habit determining personal success. Just as scholars achieve positive results in other areas of their lives when they practice academic self-discipline, Starbucks workers improve their lives and careers after they learn the willpower of being cheerful no matter what crops up in their workdays. The willpower they learn to exercise is evocative of the famous “marshmallow experiment” in which researchers told little kids that they could have one marshmallow right away or two if they waited 15 minutes alone with the treat in front of them. The ones who could wait proved to be more successful throughout their schooling based on their “self-regulatory” skills at age four. People can learn willpower as effectively as they can learn to play a musical instrument or speak a foreign language, though once you master willpower, you must keep it exercised and in shape, just as you would work to keep your muscles toned.

Starbucks teaches employees willpower by focusing on “inflection points” – situations that are likely to weaken their self-discipline (like dealing with dissatisfied patrons). Employees practice routines for handling discontented customers so they can perform them habitually. Fittingly, the company calls this approach “the LATTE method.” Its steps are: “Listen, acknowledge, take action, thank and explain.” CEO Howard Schultz also instituted a policy of giving staffers “a sense of agency” – knowledge that the company values their opinions and independent decisions.

Good organizational habits can grow from crises. At Rhode Island Hospital, a mistake in the operating room (OR) showed that employees were using a keystone habit incorrectly. To avoid conflicts, nurses had flagged demanding doctors' names with color codes; nurses knew that if a physician's name was listed in black, they had to capitulate to that doctor's demands without question. This led to a crisis that ultimately spurred OR teams to develop better habits. Now teams complete a checklist together before any procedure.

Organizational habits keep firms functioning; without them, companies would descend into squabbling factions. These habits allow truces; Rhode Island Hospital's new OR checklist enables doctors and nurses to set aside any disagreements and practice safely. Similarly, a serious fire in London's King's Cross subway station in 1987 spurred the Underground's authorities to teach better employee habits and create a disaster plan to ensure future passenger safety.

Companies also can foretell and, in some ways, control the habits of their patrons. For example, the retailer Target carried out an analysis of consumer data to try to enable them to predict when customers were expecting babies. Their “Guest ID” data program indicated that patrons' shopping habits changed most dramatically when they underwent a milestone in their lives, such as getting married, moving to a new residence or starting a family. Expectant mothers' shopping habits underwent a predictable change. When that happened, Target sent them coupons for baby items. To avoid concerns that such policies were intrusive, Target mixed the coupons, “sandwiching” the baby discounts among other items. Similarly, the promoters of OutKast's song “Hey Ya” helped propel it onto the Top 40 list by sandwiching its radio play between established hits to make “Hey Ya” seem just as familiar to the public as those songs.

### Habits in Societies

The 1950s Montgomery, Alabama, bus boycott arose in part from “social habits,” which “can change the world” when people engage in them forcefully. Dressmaker Rosa Parks was deeply connected to her community: She had “strong ties” to family and friends, and “weak ties” to her seamstress work and church acquaintances. When police arrested her for refusing to give up her bus seat to a white person, the black community rebelled. The Reverend Martin Luther King Jr. and other leaders created “a feeling of ownership” in her cause to mobilize

black residents to boycott and join other civil rights struggles. Parks's weak ties – like her work for local white families – spread the movement to areas of the community that otherwise might not have become engaged.

Similarly, a young pastor named Rick Warren built his Saddleback megachurch in California partly on the basis of social habits. He wanted to make churchgoing more social and less of a chore by teaching people "habits of faith." He created small, self-run groups that met outside of Sunday services. The members read and studied the Bible but also were highly social. They discussed the issues they faced daily and supported each other. The weak ties of the main congregation branched out to minigroups with strong ties that built "self-directing leaders," a phenomenon of social habits.

*"It endures because a movement's leaders give participants new habits that create a fresh sense of identity and a feeling of ownership."*

*"This is how willpower becomes a habit: by choosing a certain behavior ahead of time and then following that routine when an inflection point arrives."*

### **Are People Responsible, or Are Their Habits to Blame?**

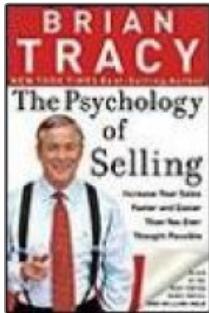
Society struggles with the notion of habits and asks how much responsibility people bear for habitual actions. Is a gambler who feels sad at home (her cue) and who then gambles away her money (her routine) to blame if she puts her craving for stress relief (her reward) ahead of her family's stability? Is a man suffering the lifelong habit of sleepwalking culpable if, in an unconscious "sleep terror" – an affliction called "automatism" – he strangles his wife? Research suggests that if the brain has no chance to intercede deliberately, the answer is no. A jury did acquit a man who killed his wife in his sleep, but just as creditors don't let gamblers escape their debts, society appears to assume that people bear some responsibility for habits such as gambling.

Given determination and belief, people can change their habits if they can examine and analyze them to unravel understandable cues, routines and rewards.

## About the Author

**Charles Duhigg** is an investigative journalist for *The New York Times*. His previous works include *Golden Opportunities*, *The Reckoning* and *Toxic Waters*.

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Book

## The Psychology of Selling

Increase Your Sales Faster and Easier Than You Ever Thought Possible

Brian Tracy  
Nelson Publishers, 2005  
[Buy the book](#)

When you learn how people think and make buying decisions, you can use that knowledge to send your sales sky-high.

## Recommendation

Selling is a frustrating profession. Unfortunately, your self-esteem bears the brunt of the unavoidable rejection that comes with the sales process. Popular sales trainer and author Brian Tracy examines some of the basic psychology behind the buying and selling process. He explains how your self-concept affects your sales performance and offers advice on boosting your self-image. He analyzes the reasons why people buy, going beyond the adage, "People decide emotionally and then justify logically," into the many emotions involved in making a purchasing decision. Tracy offers several viable tips and techniques to apply to every facet of the sales cycle. The book is often repetitive, but perhaps the fundamentals bear repeating. The seasoned sales professional will find some helpful details amid the familiar overall strategy. *getAbstract* particularly finds that this easy-to-read book provides a clear, thorough introduction for someone just beginning his or her sales career.

## In this summary, you will learn

- How your self-concept affects your sales performance
- How to raise your self-esteem and join the top 20% of sales professionals
- How to use practical strategies and techniques that apply to every aspect of the sales cycle

## Take-Aways

- In sales, the 80/20 rule means that, "The top 20% of salespeople make 80% of the money."
- Become part of the top 20% by doing just a few things a little bit better.
- The higher your self-esteem the better your sales performance.
- People make purchases based on emotion and rationalize their decisions with logic.
- Asking questions and listening carefully to the answers is the best way to assess your client's needs and to tailor your sales presentation.
- The four elements of strategic selling are "specialization, differentiation, segmentation and concentration."

- To begin your sales meeting, use an opening inquiry or statement that elicits the response, "Really? How do you do that?"
- Neutralize sales resistance by using testimonials, referrals and guarantees.
- Discover your prospect's "hot button" and focus your presentation on it.
- Successful salespeople often use "the approach close" or "the demonstration close."

## Summary

*"You only have to be a little bit better and different in each of the key result areas of selling for it to accumulate into an extraordinary difference in income."*

*"Success is not an accident. Failure is not an accident either. In fact, success is predictable. It leaves tracks."*

*"Once you have programmed a goal into your subconscious mind, it takes on a power of its own."*

### Why Sell?

Why should you become a salesperson? The sales profession can provide a high income and lifetime job security. Once you learn how to sell, you can sell anything. Salespeople often earn more than many other professionals including doctors, lawyers and architects. And in sales, the sky is the limit when it comes to income.

### The "80/20 Rule"

When you apply the Pareto principle (also called the 80/20 rule) to sales, it turns out that, "The top 20% of salespeople make 80% of the money, and the bottom 80% only makes 20% of the money." To become a member of the top 20%, you need to become only slightly better than your internal or external competition. A small improvement in your sales technique can result in a huge increase in your revenue. The best news is that the skills necessary to become a better salesperson are not hard to learn. Those skills include:

- Identifying the needs of a potential client.
- Qualifying prospects more accurately by asking the right questions.
- Making stronger sales presentations.
- Responding more persuasively to objections and concerns.
- Using different methods for closing sales.
- Getting more referrals to increase your sales.

### It Begins in Your Mind

First, recognize and understand the nature of your self-concept and its relationship to your sales performance. "Your self-concept is the bundle of beliefs that you have about yourself. It is the way you see yourself and think about yourself in every area of your life." Your expectations are pivotal because research shows that you cannot earn more than 10% above or below what you expect to earn. To increase your sales, expand your self-concept to accommodate an expectation of reaching higher sales goals. Before you can make your new financial goals a reality, you must envision yourself achieving them.

The better you feel about how you execute the various functions in the sales cycle, the more you will succeed. To increase your self-esteem, use positive self-talk, affirmations, training and motivation. Successful people pepper their inner dialogue with upbeat, confident phrases. For example, if you repeat the phrase, "I like myself" throughout the day, your self-esteem is sure to rise. When your self-esteem grows, your power and ability increase along with it.

### Sales Impediments

The two primary obstacles to making a sale are the "fear of failure" and the "fear of rejection." Rejection is an inevitable part of sales. To cope with it, first, increase your self-esteem and self-concept and, second, realize that sales rejection is not

personal. With practice and persistence, courage can become a habit. The ability to handle rejection without giving up is key, particularly since 80% of sales do not close until the fifth client meeting.

### **Goal Setting**

*"Fear and self-doubt have always been the greatest enemies of human potential."*

Set annual, monthly, weekly and even daily sales goals. Then, determine the activities you must undertake to achieve your goals. Commit your goals to paper to implant them in your subconscious mind. Create a clear mental picture of yourself achieving your goals. Visualize your success directly by picturing yourself in a positive sales situation, or indirectly, by watching yourself as if you were a third party observing yourself making a successful sale. Try the "20 Idea Method" of brainstorming. Write your major objective as a question, like "How can I double my income in the next 12 months?" Then write 20 "personal, positive, present tense" answers, such as, "I make five extra calls each day."

### **Why Buy?**

*"If you are in sales and you fear rejection, you've picked the wrong way to make a living."*

People base buying decisions on emotion, and then rationalize their purchases with logic. The two primary motivations for making - or not making - a purchase are "desire for gain and fear of loss." The desire for gain is a quest for an improvement of some kind. The fear of loss crops up when prospects worry about making a mistake or getting stuck with goods or services they don't really want.

All fruitful selling begins with a "needs analysis." To conduct this analysis, ask questions that uncover the customer's main needs and desires. Then, convince your prospect that your product or service fulfills these needs better than anything else. The human needs that motivate buying are: "money, security, being liked, status and prestige, health and fitness, praise and recognition, leading the field, love and companionship, personal growth, personal transformation," and "power, influence and popularity."

Open-ended questions, the kind that require more than a "yes-or-no" answer, are a great tool for getting your clients to talk about themselves during your needs analysis. Open-ended questions often begin with such words as "what, where, when, how, who, why and which." When you are asking your prospects questions, you are in charge of the conversation.

*"Rejection has nothing to do with you. Instead, it is like the rain or the sunshine. It just happens from day to day."*

The six most important words in selling are, "Spend more time with better prospects." Ask questions at the beginning of your presentation that uncover whether the person is a prospective customer. Observe the prospecting methods that your company's top salespeople use and apply them to your own practice.

Today's salespeople position themselves as consultants, mentors or teachers. Become a friend who provides solutions to your client's problems. Remember that people don't buy widgets, they buy the benefits that the widgets provide. When you are talking about your product or service, stay aware that your customer, internally, is always asking, "What's in it for me?" The customer's next four questions are what will it cost, what will he or she gain as a consequence, when will this outcome actually happen and what guarantee are you offering?

### **Strategic Selling**

*"The prospect does not care what your product is. He only cares about what your product or service will do for him."*

To sell your product or service, you must thoroughly understand what you are selling, your market and your competition. List your product's 10 most appealing characteristics. Then, determine why someone wants to buy it from your company and from you, personally. Identify your "unique selling proposition," the feature that differentiates your product.

The four elements of strategic selling are "specialization, differentiation, segmentation and concentration." Determine what specific benefits your product offers. Differentiate it from the competition, when possible, in terms of price,

quality or even the strength of your personality. Segmentation means finding the group that is naturally disposed to want your product. Concentrate on the prospects who are likeliest to give you the highest return.

The point of a prospecting call is to get an appointment, not to sell your product via the phone. Begin your sales call with a strong opening statement. Ask questions that emphasize the benefit of your product or service. You want your opening inquiry to elicit the response, "Really? How do you do that?" For example, Corning Glass's strong opening statement is, "We can provide you with glass that doesn't shatter."

When you meet one-on-one with potential customers, your goal is to help them feel comfortable and be attentive. You need to set their minds at ease about five issues. First, assure them that you have something important to say. Second, confirm that you are talking to the appropriate person. Third, reassure your client that the meeting will be brief. Fourth, make sure your prospects understand that they are under no obligation to make a purchase. Last, tell the prospective clients you will not use high-pressure sales techniques.

*"Refuse to talk about your product or service, or the price, on the phone; focus single-mindedly on getting a face-to-face meeting, nothing more."*

*"When you are selling in the home...never make a sales presentation in the living room. People do not make important... decisions in the living room; they make them in the kitchen or at the dining room table."*

*"If you do what other successful people do, you will eventually get the same results that they do."*

### **Overcoming Resistance**

Encountering resistance is normal. To neutralize sales resistance, tell your prospects that you understand the issue behind their resistance and counter with a statement such as, "Other people in your industry felt the same way when I first called on them. But now they've become our best customers." Then, reiterate the crucial benefit of your product or service. You can also counter resistance by referring prospects to your satisfied customers. Testimonials, referrals and recommendations are the strongest weapons in your sales arsenal.

### **The Professional Persona**

In sales, "everything counts." The impression you make is important. Successful salespeople project a relaxed, confident professional image. To achieve this appearance and attitude:

- Dress professionally.
- Be sure to be well groomed.
- Maintain good posture and be aware of your body language.
- Be sure your voice sounds strong and clear.
- Have a positive, upbeat point-of-view and a cheerful demeanor.
- Make sure your clothes, grooming and hair length mirror your customer's appearance.
- Keep your sales material neat, organized, colorful and attractive.
- Keep your desktop organized.
- Develop a firm handshake.
- Be polite at all times, to everyone.

### **Preferred Presentations**

After you qualify a prospect, show one feature of your product at a time to discover which benefit or "hot button" the client finds most interesting. Once you discover the client's hot button, focus your presentation on that. Describe potential measurable results, such as a 10% increase in sales. If possible, guarantee the results with offers of rebates or refunds. Interestingly, the discussion of price often happens after the client agrees to buy. As a rule of thumb, delay any discussion of price until the close of your presentation.

### **How to Close**

*"Everyone is busy. For this reason, you should always expect initial sales resistance, even if you are offering the very best product at the very best price to the most qualified prospect in the world."*

*"Never expect people to call you back, no matter how honest or intelligent they sound."*

Leading salespeople often use either "the approach close" or "the demonstration close." In the approach close, you ask the client to make a decision after your presentation. Say something like this: "Please tell me at the end of our conversation whether or not this product makes sense to you." You are asking the prospect to listen with an open mind, and to give you an answer after he or she has heard about your product or service. With the demonstration close, begin the meeting by asking the clients if they will make a purchase if you can demonstrate the key benefit of your product. For example, your beginning question could be, "Mr. Prospect, if I could show you the best investment available on the market today, are you in a position to invest \$5,000 right now?" Another alternative is the "power-of-suggestion close," where you conduct your conversation based on the assumption that the customer has already made the buy. Just say, "You're going to love the...service you get."

### **"Ten Keys to Success in Selling"**

The sales professionals who make it into the top 20% practice these concepts:

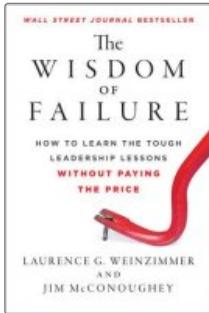
- "Do what you love to do" - Like your job and decide to excel.
- "Decide exactly what you want" - Work from concrete objectives.
- "Back your goal with persistence and determination" - Be resilient.
- "Commit to lifelong learning" - Knowledge has tangible value.
- "Use your time well" - Work from a prioritized plan.
- "Follow the leaders" - Ask the top sellers you know for their advice.
- "Character is everything" - Trust your touchstone; be authentic.
- "Unlock your inborn creativity" - Find and use your "natural talent."
- "Practice the golden rule" - Treat your peers and customers accordingly.

"Pay the price of success" - Work diligently until you reach your goal.

## About the Author

**Brian Tracy** is a sales trainer and speaker who has worked with more than 500 corporations. He is the author of many books, including *Focal Point*, *Goals!* and *Create Your Own Future*. He produces audio and video programs on sales, management and leadership.

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Book

## The Wisdom of Failure

How to Learn the Tough Leadership Lessons Without  
Paying the Price

Laurence G. Weinzimmer and Jim McConoughey  
Jossey-Bass, 2012  
[Buy the book](#)

Great leaders learn more from failure  
than from success.

## Recommendation

Failure is treated unfairly. Professor of management Laurence G. Weinzimmer and business consultant Jim McConoughey discuss leadership failure and its repercussions as reflected in published research, a survey of managers and interviews with business leaders. Their guide to learning from failure is entertaining and insightful, though it does not set out to plow new ground. *getAbstract* recommends this basic, easy-to-read manual to leaders and managers who want to understand what worked in the past, what did not and why, so they can benefit from their failures.

### In this summary, you will learn

- Why it is important to learn from mistakes
- Where leaders are likely to fail and why
- How to understand and overcome the traps you are likely to encounter in organizational life

### Take-Aways

- Business leaders who do not fail are not taking enough risks, but those who do fail must learn from it and not repeat their mistakes.
- Leaders who abandon their strategic direction risk destroying their businesses.
- Executives need to consider the “box” – the constraints they have set for themselves – more fully before trying to function “outside the box” in uncharted territory.
- Effective leaders look at their organizations as part of a larger whole.
- Management failures unfold in three areas: “unbalanced orchestration,” “drama management” and “personality issues.”
- Workplace bullying is common, but many leaders don’t see it. Covert bullying is often more dangerous than overt bullying.
- A leader who is too eager to gain approval can damage a business as much as a bully.

- Some companies are so on edge that employees feel they are at war. Managers should foster an environment of collaboration, not competition.
- Managerial failings include hoarding authority and being destructively self-absorbed.
- Isolated or disengaged leaders should honestly assess their commitment to their firms.

## Summary

*“A common theme among industry’s greatest leaders: Their most important lessons have come from trial and error.”*

*“Real failure doesn’t come from making mistakes; it comes from avoiding errors at all possible cost, from the fear of taking risks to the inability to grow.”*

*“Smart people have the ability to ‘see mistakes as feedback that will help them improve, and they become expert in learning how to learn from mistakes.’”*

### **“Flawless Leadership: Learning the Lessons Without Paying the Price”**

Kenneth Lay, the former chairman of Enron, and Jim Owens, the former CEO of Caterpillar, shared similar backgrounds: Both grew up in the same generation and with little money. Each labored hard, working numerous jobs while studying at state universities. Both earned PhDs in economics before becoming CEOs of top companies. However, the two had divergent leadership styles: Owens learned from failure, while Lay chose to ignore it. Lay’s career ended in disgrace.

Business leaders who do not fail are not taking enough risks. Yet failure bears a lasting stigma in the business world. While leaders can learn more from failure than from success, they will fall from grace if their constituencies perceive them as bombing too often. Leaders must learn two important skills: understanding what worked in the past and what did not, and determining why a mistake occurred so they do not repeat it.

### **“Seduced by Yes: Trying to Be All Things to All People”**

Leaders who abandon their strategic direction and become greedy risk destroying their businesses; they fail in the area of “unbalanced orchestration.” LA Gear, for example, became successful in the 1980s selling shoes to young women. Its business unraveled when the firm destroyed its high-end cachet by selling excess inventory in discount stores and diversifying into selling men’s athletic shoes.

To avoid diluting your brands and blurring your targeted audience’s focus, heed the value you offer and the needs you fulfill for your audience instead of concentrating only on your product. Examine how a potential opportunity fits your strategic vision before saying yes to a new idea.

### **“Businesses You Have No Business Being In: Roaming Outside the Box”**

One of the clichés of modern management is that managers need to “think outside the box.” In fact, such an approach can destroy leaders’ ability to set strategic direction. Consider the box – the constraints you’ve set for yourself – before trying to function in uncharted territory. These constraints include your line of business, your value proposition, the market segment you serve, and so on. Netscape was a pioneer in the market for Internet browsers until founder Marc Andreessen tried to diversify by developing a new Java-based language. Because of that shift in focus, the Netscape browser lost its market to Microsoft’s Internet Explorer.

Leaders must never allow their competitors to define the parameters of their business. Coca-Cola made that mistake when it temporarily abandoned its decades-old formula and launched “New Coke” in response to a Pepsi campaign. Before experimenting outside the box, “think inside the box by evaluating your existing activities – look first in your own backyard.” For example, Caterpillar realized that it had developed formidable capabilities in logistics. Instead of diluting its signature heavy-equipment brand, it set up a separate business, Caterpillar Logistics Services.

*“Leadership ability... results from...following patterns of successes and developing skills to avoid failures.”*

*“Failure to effectively orchestrate a strategy can sink the ship, whereas successful orchestration of a strategy can create the resilience to prosper in both good times and bad.”*

*“Chasing dollars may work in the short run, but in the long run it can destroy your ability to lead strategically.”*

*“Another harbinger of unbalanced orchestration is a focus on efficiency rather than effectiveness.”*

*“Bully leaders abuse their authority by using*

### **“Entrenched in Efficiency: Forgetting to Put Effectiveness First”**

Effectiveness and efficiency are two ways of looking at work. Leaders who are effective see their organizations as part of a larger whole – for instance, an overall market. Within that context, they assess whether they are “doing things right.” Leaders obsessed with efficiency, on the other hand, tend to lose sight of the bigger picture because they focus on internal operations. Webvan, an online grocery store, and Pets.com, a website for pet supplies, were extremely efficient, yet both failed. Customers did not want to buy their online offerings. To ensure you are taking the right steps, concentrate on filling your customers’ needs rather than on selling your products. Ask customers what is important to them, not just if they are happy or not.

### **“The Playground in the Workplace: Leaders Who Rule by Bullying”**

Bullying is rife at work. A Workplace Bullying Institute survey found that 35% of respondents had suffered workplace bullying. You might assume that today’s managers are more enlightened than “old-school” bosses, but ignoring bullying is a meaningful failure that falls under the heading of “drama management.” Overt or covert bullying remains surprisingly common. Covert bullying is often more dangerous because it can persist for long periods of time as the victim suffers in silence with little hope of rescue.

Many leaders justify bullying because they believe it brings results. Coercion in any form scares employees and makes them reluctant to discuss work or personal problems. To stamp out bullying, let workers know that management will not tolerate such behavior. Examine your own conduct to see if you are being assertive or bullying. Establish protocols so people who have been bullied can seek help.

### **“When Utopia Becomes Dystopia: Problems with Dysfunctional Harmony”**

A leader who is too eager to be liked or to gain approval can damage an organization as much as a bully who wants to be feared. A boss who seeks approval or friendship above all tries to maintain the illusion that the organization is like a happy family – with no discord or discontent. Such “crowd-pleasing” leaders distrust debate because it signifies discord. As a result, they tend to hire people who toe their line. Such managers hide unpleasant news from their employees, fear giving negative feedback and solicit suggestions with no intention of implementing them.

Anil Menon of Emory University conducted a survey to explore how companies could use conflict productively. He found that firms whose leaders could channel debate constructively made better decisions than those whose executives failed to recognize the value of conflict.

Being a leader can be lonely and can involve making unpleasant decisions. In 1995, three of the eight factory buildings at Malden Mills in Lawrence, Massachusetts, burned down. Malden employed 3,000 people. Aaron Feuerstein, the CEO and major shareholder, decided to continue to pay his workers even though his company’s revenues shrank after the fire. Feuerstein won his workers’ loyalty, but the company went bankrupt. Feuerstein was too eager to be liked. Leaders must seek respect without needing approval. Nurture a work atmosphere that values communication, debate and transparency.

### **“The Battle Within: Distracted Purpose”**

Some companies are so on edge that employees feel as if they work amid a perpetual state of war. In such organizations, managers rarely intervene and then only to make major decisions. Employees lack motivation because they have no idea when someone is going to attack their work. This atmosphere undermines the central purpose of leadership: ensuring that the whole is more than the sum of the parts.

*fear to motivate employees.”*

*“If you are in a leadership role and you try to be liked by everyone all of the time, you will inevitably create drama and undercut your own authority and effectiveness.”*

*“When a leader has such a sense of superiority that letting go of responsibility becomes difficult...it is the team – and the organization – that suffers.”*

*“Burnouts who stay on the payroll too long, bosses who have no interest in their jobs, and celebrity CEOs all have one thing in common: All are disengaged from their company’s culture.”*

Some leaders believe that compelling employees to compete against each other brings out their best work. Yet groups within a company can often combat so acutely that they refuse to share resources or insights, which causes the firm to suffer. In a well-functioning team, employee strengths and weaknesses balance each other. Many leaders seek this balance point, but their personal biases often get in the way of equilibrium. Having groups work together may make sense in certain cases and not in others. Leaders need to communicate that they want all employees and groups to unify for the company's benefit.

Some leaders favor certain employees, leaving other staff members aggrieved and less willing to trust their colleagues. Or managers get so enamored of star employees that they promote them above their level of competence. Leaders should figure out whether they treat certain employees preferentially, and, if they do, they must open parallel opportunities for other staffers. Managers need to be aware of their staff members' strengths and compensate for their weaknesses. While creating synergy within the organization can be worthwhile, leaders must draw up a clear set of objectives to focus the priorities of different groups as they work together. Managers also must ensure that employees buy into their goals.

### **“Standing in the Way: Hoarding Power and Responsibility”**

Managers also can fail in the area of “personality issues.” For example, some supervisors are hoarders. They want to monopolize everything – authority, power and control over minute details of how people work. When managers who suffer these failings become leaders, they tend to micromanage rather than lead.

In 1997, Jill Barad became CEO of Mattel, the toy manufacturer. She was the first female chief executive of a *Fortune* 500 company. As she climbed the corporate ladder, she led a major product success, increasing the Barbie doll's annual sales from \$235 million to \$1.5 billion. Even after she became CEO, Barad insisted on examining the smallest details – including the expressions on the dolls' faces. She felt she was protecting the Barbie line. Her refusal to delegate fostered a sense of helplessness in her employees and a lack of direction in the company. She resigned under pressure in 2000.

Most managers prone to hoarding have a high opinion of their capabilities and disparage the abilities of others. Such behavior adversely affects staff members. Employees don't feel trusted, and high-performing stars have no reason to remain with the organization. Other workers feel unhappy and lack motivation.

Leaders who recognize that they are hoarders can admit this failing to their employees. They need to ask their people to help them if they exhibit signs of such behavior. They can rebuild trust by empowering their staffers and delegating important responsibilities to them.

### **“Living Outside the Storm: The Destructive Path of Disengagement”**

Leaders often isolate themselves or disengage from their organizations, with serious consequences. In some cases, this happens because leaders lose interest. Jared Heyman built Infosurv, a successful start-up. He began the venture when he was 20. By the time he was 32, Heyman wanted to do all the things that he had missed out on when he was younger, such as traveling around the world. His executive style had always been reclusive; he normally worked behind closed doors. The employees he left behind didn't miss him when he decided to travel extensively. With such a detached leader, when a company faces a difficult situation, no one is at the helm. Absentee leaders also leave employees feeling unappreciated and ready to jump ship.

Some leaders disengage because they see themselves as celebrities and become more interested in promoting themselves than in leading the company. Carly Fiorina's stint at Hewlett-Packard shows the consequences of a celebrity leader's actions. She forced the amalgamation of 87 divisions into four – a step that the corporation later had to reverse. She went against HP's model of open

*"It is the ability to maintain balance between the lessons learned from your successes and lessons learned from your failures – the flip side – that gives you the wisdom to be a great leader."*

*"If there is one skill that comes the closest to being the secret to success as a leader, it is balance."*

communication and attempted to create a top-down culture. She bought an executive jet and gave herself and other executives bonuses, while 18,000 employees lost their jobs.

To avoid the perils of disengagement, honestly assess your degree of commitment. Build bridges with your employees and win their trust. Even the people at the top need honest feedback and appreciation. If the board of directors won't offer either, seek outside appraisal and affirmation.

### **“Problems with Self-Absorbed Leaders”**

Probably the most destructive trap that leaders face, both for themselves and for their organizations, is self-absorption. In some cases, celebrity leaders use their companies to burnish their reputations. Self-absorbed leaders are not interested in fame – they believe that they are the greatest gift to the world since the beginning of creation. Such leaders can be narcissistic, arrogant and blind to the possibility that they might ever be wrong. These traits can distort decision making; such leaders can take themselves and their organizations down disastrous paths.

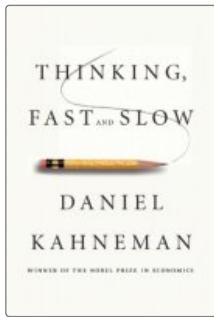
Self-absorbed leaders share certain common characteristics: They brag, they want to “one-up” everybody else, and they feel they know everything about everything and have no need to listen. They believe that the world owes them and that they can never be wrong. Yet they’re wrong about that and much else, besides.

## About the Authors

**Laurence G. Weinzimmer** is a professor of management at the Foster College of Business Administration at Bradley University. Business development consultant **Jim McConoughey** is a fund manager for venture and early-stage capital investments.

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Book

## Thinking, Fast and Slow

Daniel Kahneman  
FSG, 2011  
[Buy the book](#)

"Two systems" vie for control of your mind, and "two selves" decide your happiness. Can all four of you ever get along?

### Recommendation

The topics that Nobel Prize winner Daniel Kahneman addresses are both complex and integral to the human mind: He asks you to think about thinking by considering how your mind habitually contradicts itself, distorts data and misleads you. His prose is lucid, his reasoning rigorous and his honesty refreshing – more than once Kahneman illustrates conflicted thinking with examples from his own life. The result is a fairly slow read, but an ultimately rewarding experience. *getAbstract* recommends this book to anyone interested in neuroscience and neuroeconomics, and to all those who want to improve their thinking about thinking.

### In this summary, you will learn

- How your mind works “fast and slow,”
- How your “two selves” affect your perspective
- How to think better

### Take-Aways

- When you think, your mind uses two cognitive systems.
- “System 1” works easily and automatically and doesn’t take much effort; it makes quick judgments based on familiar patterns.
- “System 2” takes more effort; it requires intense focus and operates methodically.
- These two systems interact continually, but not always smoothly.
- People like to make simple stories out of complex reality. They seek causes in random events, consider rare incidents likely and overweight the import of their experiences.
- “Hindsight bias” causes you to distort reality by realigning your memories of events to jibe with new information.
- “Loss aversion” and the “endowment effect” impact how you estimate value and risk.
- Your “two selves” appraise your life experiences differently.

- Your “experiencing self” lives your life; your “remembering self” evaluates your experiences, draws lessons from them and decides your future.
- These two contrasting systems and selves disprove economic theories that say that people act rationally.

## Summary

### Your “Two Systems” and What They Mean

Any time you have to make sense of something, your mind applies two systems to the question at hand.

*“Although System 2 believes itself to be where the action is, the automatic System 1 is the hero of the book.”*

The first is “System 1,” or the mental processing that reads emotions and handles your automatic skills, like driving your car or adding two plus two. System 1 takes over your thinking when you comprehend simple statements (such as “complete the phrase ‘bread and . . .’”), instinctively turn to see where a noise is coming from or grimace when you see a gruesome image. System 1 supplies associated meanings (including stereotypes) rapidly and involuntarily.

By contrast, you use “System 2” when you’re focusing on specific details, like counting or figuring out how to complete your income tax forms. System 2 applies effort consciously, such as when you do complicated math, try new physical activities or search for a specific person in a crowd. System 2 thinking is slower, but you need it for methodical thinking processes such as formal logic.

*“The main function of System 1 is to maintain and update a model of your personal world, which represents what is normal in it.”*

Human beings tend to value the measured System 2 while dismissing the mechanical System 1, but reality is much more complicated. These mental processes engage in a “division of labor” when it comes to thinking, and they constantly interact. You usually live in System 1’s world, where its fast processing is extremely efficient. In fact, you can be reasoning about a task in System 2, get tired or distracted, and find that you’ve shifted over to System 1 without realizing it. If you’ve ever puzzled over an optical illusion, you’ve experienced what happens when these two systems work at cross-purposes.

### Duality and Collaboration

Which system you use and how you think depends a lot on the effort you are expending. If you are doing something easy, like strolling on a known path, you’re using System 1 and have a lot of cognitive capacity left for thinking. If you push the pace to a speed walk, System 2 switches on to maintain your effort. Now try to solve an arithmetic problem, and you’re likely to stop walking altogether; your brain can’t handle the additional burden. Recent lab studies show that intense System 2 concentration lowers the body’s glucose levels. If your System 2 is busy, you’re more likely to stereotype, give in to temptation or consider issues only superficially.

System 1 likes to jump on the straightforward answer, so if a seemingly correct solution quickly appears when you face a challenge, System 1 will default to that answer and cling to it, even if later information proves it wrong. System 1 performs rapid “associative activation.” Pair two words, or a word and an image, and your mind will link them, weaving a story from those scraps of information. In the phenomenon of “priming,” if you see the word “banana” followed by the word “vomit,” your mind creates an instantaneous connection that causes a physical reaction. Similarly, if exposed to the word “eat,” you will more likely complete the sequence S-O\_-P as “soup” rather than “soap.”

*“People who are ‘cognitively busy’ are... more likely to make selfish choices, use sexist language and make superficial judgments in social situations.”*

If you want to persuade people, appeal to their System 1 preference for simple, memorable information: Use a bold font in your reports, try rhyming slogans in your advertising and make your company’s name easy to say. These tendencies

*“A compelling narrative fosters an illusion of in-*

*evitability.”*

*“When an unpredicted event occurs, we immediately adjust our view of the world to accommodate the surprise.”*

*“Facts that challenge... basic assumptions – and thereby threaten people’s livelihood and self-esteem – are simply not absorbed.”*

*“The idea that the future is unpredictable is undermined every day by the ease with which the past is explained.”*

*“We are confident when the story we tell ourselves comes easily to mind, with no contradiction and no competing scenario. But ease and coherence do not*

are markers of System 1’s larger function, which is to assemble and maintain your view of the world. System 1 likes consistency: Seeing a car in flames stands out in your mind. If you see a second car on fire at roughly the same spot later on, System 1 will label it “the place where cars catch fire.”

### **Making Meaning, Making Mistakes**

System 1 prefers the world to be linked and meaningful, so if you are dealing with two discrete facts, it will assume that they are connected. It seeks to promote cause-and-effect explanations. Similarly, when you observe a bit of data, your System 1 presumes that you’ve got the whole story. The “what you see is all there is” or “WYSIATI” tendency is powerful in coloring your judgments. For example, if all you have to go on is someone’s appearance, your System 1 will fill in what you don’t know – that’s the “halo effect.” For example, if an athlete is good looking, you’ll assume he or she is also skilled.

System 1 is also responsible for “anchoring,” in which you unconsciously tie your thinking on a topic to information you’ve recently encountered, even if the two have nothing to do with one another. For example, mentioning the number 10 and then asking how many African countries belong to the United Nations will produce lower estimates than if you mentioned 65 and asked the same question. System 2 can magnify your mistakes, though, by finding reasons for you to continue believing in the answers and solutions you generate. System 2 doesn’t dispute what System 1 presents; rather, it is the “endorser” of how System 1 seeks to categorize your world.

The natural tendency to focus on a message’s content rather than its relevance affects your ability to judge. People seize on vivid examples to shape their fears and plans for the future. For example, media coverage of dramatic but infrequent events like accidents and disasters – as opposed to dull but common threats like strokes and asthma – sets those events up as anchors that people use to make wildly inaccurate assessments about where the risks to their health lie.

People also reason incorrectly when they don’t recognize the “regression to the mean.” Over time, everything tends to return to the average, but people create and apply “causal interpretations” to what are, in effect, random events. For example, if a baseball player who has a strong first year subsequently falters in his sophomore slump, sports fans will ascribe the decline to any number of rationales – but, in reality, the player was probably just more fortunate in his initial outings than in later ones.

### **Distorted Reality and Optimism**

Simplification is at work in the “narrative fallacy,” or the mind’s inclination toward the plain, tangible and cohesive instead of the theoretical, contradictory and vague. People derive meaning from stories that emphasize individual characteristics like virtue and skill, but discount the role of luck and statistical factors. You will tend to “focus on a few striking events that happened rather than on the countless events that failed to happen.” Due to “hindsight bias,” you will distort reality by realigning your memories of events to jibe with new information. And when telling stories about events you’re involved in, you tend to be overly optimistic and predisposed to overvaluing your talents relative to those of others. You also will give your knowledge greater weight than it should have.

This intense, pervasive optimism is useful for the economy in many ways because entrepreneurs and inventors tend to start new businesses all the time, notwithstanding the overwhelming odds against them. Despite knowing that roughly only a third of enterprises make it to their fifth anniversary, more than 80% of American entrepreneurs rate their ability to beat that statistic as high; fully a third “said their chance of failing was zero.”

### **Experts and Risk**

*guarantee that a belief held with confidence is true.”*

*“Most of us view the world as more benign than it really is, our own attributes as more favorable than they truly are, and the goals we adopt as more achievable than they are likely to be.”*

*“Organizations that take the word of overconfident experts can expect costly consequences.”*

*“Confusing experience with the memory of it is a compelling cognitive illusion.”*

*“The experiencing self does not have a voice. The remembering self is sometimes wrong, but it is the one that keeps*

System 1 influences how candidly people assess their own “intuition and validity,” which means that not all experts always provide great counsel. Expertise relies on an individual’s skill, “feedback and practice.” For example, firefighters’ repeated practice in weighing the risks posed by specific types of fires and their experience in extinguishing those fires give them an impressive ability to read a situation intuitively and identify crucial patterns. Similarly, an anesthesiologist relies on regular, immediate medical feedback to keep a patient safe during surgery.

However, don’t put too much trust in the judgment of experts in fields where challenges vary greatly, where luck determines success, and where too great a gap exists between action and feedback. Those who predict stock values and political contests, for instance, are prone to fall into this category. Because System 1 lulls experts with “quick answers to difficult questions,” their intuition may be flawed, but your System 2 is unable to detect those inconsistencies.

You’re especially prone to unclear thinking when making decisions about risk and value. Most people are “loss averse”: You hate to lose \$100 more than you like winning \$150. But financial traders tend to demonstrate less of an emotional, System 1-type reaction to losses. Individuals also suffer from the “endowment effect”: When something belongs to you, even if only for a brief period of time, you tend to overestimate its value relative to the value of things you don’t own. Homeowners exemplify the endowment effect, often overvaluing their properties.

When you combine all this with the fact that people misjudge how likely rare events are or, alternatively, give rare events too much weight when making decisions, you have the foundations of the modern insurance industry. How you frame risk shapes your evaluation of it. For example, if you hear a life-saving vaccine has “a 0.001% risk of permanent disability,” your reaction is much different than it would be to the same treatment that leaves one of 100,000 individuals forever incapacitated. Yet the two are identical. When you take all these tendencies into account, it is hard to believe any economic theory based on the idea that people are rational actors. But making good decisions depends on paying attention to where your information comes from, understanding how it is framed, assessing your own confidence about it and gauging the validity of your data sources.

### **“Two Selves,” One Mind**

Just as two systems interact in your mind, two selves clash over the quality of your experiences. The “experiencing self” is the part of you that lives your life; the “remembering self” is the part that evaluates the experiences you have, draws lessons from them and “makes decisions” about the future. For the remembering self, happiness is not cumulative, and the final stages of any event play a critical role in your recollection of its quality. For example, when researchers asked subjects to evaluate the life of someone who lived happily to the age of 65, relative to someone else who lived happily through 65 but was only moderately content for another five years, the subjects rated the first life as more desirable.

Your remembering self’s evaluation of your life story is one part of how you judge whether you are happy. You rate your life by standards or goals you set. The moment-to-moment assessments of your experiencing self provide the other side of your happiness. These conclusions may conflict because they account for different aspects of reality. Work benefits and status that affect “general job satisfaction” do not shape people’s everyday moods at work. Instead, job context contributes more to happiness, including such factors as chatting with co-workers and being free from “time pressure.”

The things you pay attention to have major implications for your mood. “Active forms of leisure,” like physical activity or spending time with good friends, satisfy you a lot more than the “passive leisure” of, for example, watching television. You

*score and governs what we learn from experience, and it is the one that makes decisions.”*

*“The way to block errors that originate in System 1 is simple in principle: recognize the signs that you are in a cognitive minefield, slow down and ask for reinforcement from System 2.”*

can't necessarily change your job or your disposition, but you can change what you focus on and how you spend your time. Focus shapes your self-assessments: “Nothing in life is as important as you think it is when you are thinking about it.”

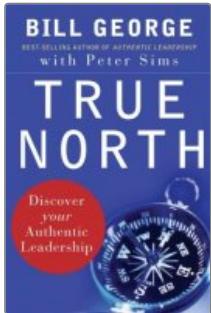
Your two selves are intertwined with your two mental systems: System 2 constructed your remembering self, but your tendency to weigh experiences by their final moments and to favor “long pleasures and short pains” comes from System 1. The relationship between your selves holds implications for philosophers and policy makers. You would make different decisions about which social, health and economic issues to address, and how to address them, depending on whether you see the perspective of the remembering self or of the experiencing self as primary.

In general, recognizing how these different mental systems work can help you realize that the purely rational beings favored by economic theory are fictional, and that real people need help making better judgments in their financial and life choices. Understanding how your mind works can help you advocate for policies that take those issues into account. The converse is also true: Because your mind doesn't function optimally in all instances, rules should protect people from those who would “deliberately exploit their weaknesses.” Because individuals find it difficult to catch glitches originating in their own System 1 processing, an organization can operate with more methodical rationality than can the separate individuals within it.

## About the Author

**Daniel Kahneman**, a professor emeritus at Princeton and a Nobel laureate in economics, has written extensively on the psychology of judgment and decision making.

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Book

## True North

Discover Your Authentic Leadership

Bill George and Peter Sims  
Wiley, 2007[Buy the book](#)

Is your moral compass properly aligned? You can't be an authentic leader if it isn't, according to 125 leaders who are.

## Recommendation

Considering the intangible nature of leadership, those who read about it want to know that those who write about it are properly experienced and credentialed. Bill George certainly qualifies. He is a management professor at the Harvard Business School, a member of several corporate boards, and the former chairman and CEO of Medtronic, the medical technology stalwart. George, and writer Peter Sims, the founder of an investment company, interviewed 125 leaders to discover what authentic, ethical leadership is all about, what its essence is and what it requires. This book represents the fruits of their enlightened, comprehensive research efforts. *getAbstract* recommends it to anyone who leads others. George and Sims see leadership as a quest, not a destination. This book is an excellent starting point for your journey.

### In this summary, you will learn

- Why the business community has experienced a severe crisis of leadership
- Why ethical leadership based on sound values is so crucial
- Why "True North," your "internal compass," must become the touchstone of your personal leadership path

### Take-Aways

- Interviews with 125 prominent leaders reveal the importance of values and character.
- Authentic leadership depends on your "internal compass." This is your "True North." It guides you toward who and what you are.
- Successful companies empower leaders widely throughout their organizations and at every level of management.
- The true leader inspires others to strive for success to achieve a shared purpose.
- You cannot become a great leader if you cannot lead yourself.
- True north inevitably directs you to your clear purpose in life – what you can contribute and how others will remember you.
- Great leaders do not operate in a vacuum. No leader ever achieved success alone.

- You will make your greatest contributions when you are enthusiastic about your work.
- Your true north is based on your values and deepest convictions.
- There are no "born" leaders or "instant" leaders. Leadership is not a state of being. It is a journey.

## Summary

*"As the world becomes ever more dangerous and our problems more complex and dire, we long for truly distinguished leaders, men and women who deserve our respect and loyalty."*

*"Ethically grounded leadership is not only possible, it is often the most effective leadership of all."*

*"When you follow your internal compass, your leadership will be authentic, and people will naturally want to associate with you."*

### **"Testing Values under Pressure"**

Jon Huntsman is the founder and chair of the Huntsman Corporation, a \$13 billion firm in the chemical industry. In 1972, he went to work for the Nixon administration, eventually joining the staff of Bob Haldeman, President Richard Nixon's powerful chief of staff and right-hand man. Haldeman soon asked Huntsman to help him entrap a congressman from California who had opposed a Nixon initiative. Huntsman refused and shortly thereafter left the administration.

In 2001, due to a chemical industry recession, Huntsman's company was in big trouble. Eighty-seven lenders met with him to deliver a somber message: he had to put his firm into Chapter 11 bankruptcy. If he refused, they warned, they would no longer ship it the supplies it needed to operate. Of course, this would have been its death knell. But his good name and the good name of his firm meant too much to him to let it slip into bankruptcy. It took three tough years, but he turned it around. "I repaid every single debt," he proudly proclaims.

Huntsman has been tested at almost every stage of his life. Shortly after he graduated from college, his mother died from breast cancer. Cancer also killed his father and stepmother. Huntsman contracted cancer twice, but beat it both times. Huntsman's life story is an inspiring tale, but how does it relate to the concept of "True North"?

### **"True North"**

At every single crossroads, Huntsman used his internal moral compass – that is, his own true north – to guide the direction he should take as a leader and a man. Like the compass point, true north is your inner direction. It is who you are down deep. It represents your most sacred values – the vital markers you use to navigate through life. Huntsman exemplifies the most basic true north precept: "Leadership principles are values translated into action." Always maintaining true north, hewing to your values, is the mark of the authentic leader. Doing otherwise is unthinkable.

In contrast, an inauthentic leader lacks values and a strong moral sense, but nevertheless has been assigned to manage or lead others. In reality, such a person is not a leader at all. Instead, he or she is an empty shell, an authoritarian (and usually sad) figure who, often, leads only by using fear and rank. People may do as inauthentic leaders instruct, but sullenly and with little or no respect.

### **A Crisis of Leadership**

The business world has been rocked to its foundations by numerous high-profile scandals. Who has been responsible? The answer is clear: narcissistic, power-mad CEOs and other senior executives who prioritize their personal, financial and egotistical interests. And, while they were up to their slimy shenanigans, too many board members placidly looked on and did nothing. Pleased with their lucrative directorships, many board members have been unwilling to rock the boat. The world of politics also seems to be disgraced routinely by those who abuse the public trust. On a daily basis, florid headlines tell stories of politicians who have been forced to resign, or convicted and jailed because of their own severe ethical

lapses. The fact is that contemporary society has been burdened with far too many inauthentic leaders. These individuals apparently do not possess internal moral compasses – that is, true north guidance – to point them to the proper, ethical paths.

*"Character without capacity usually means weakness in a leader, but capacity without character means danger." (David Gergen)*

Like Jon Huntsman, authentic leaders always draw upon their personal ethics, morality and basic sense of right and wrong as they lead others. Indeed, they find that their strong ethical base represents the sine qua non of leadership. Of course, authentic leaders must also be smart and capable. But even more, they need special inner qualities: high principles, ideals, values and morals. How else can they inspire others? After all, that is what leadership is all about.

This is certainly true at Starbucks. Founder Howard Schultz is proud that Starbucks is now the first U.S. company to make health-care coverage available for part-time employees who work 20 hours or less. Schultz calls this a "transforming event" for his firm.

### **Individual Life Stories Often Define Leadership**

Many authentic leaders, such as Huntsman and Schultz, find that their leadership approach emerges from challenging experiences, which help them understand who they are and which principles define them. As they manage difficult events, these leaders "unleash their passions" and "discover the purpose of their leadership." Five dimensions mark the authentic leader:

1. "Purpose with passion" – True leaders always bring passion to their roles. Conversely, employing passion without purpose often results in narcissism and egotism. Passion defines the life and work of Ellen Breyer, CEO at Hazelden Foundation, which helps people overcome chemical dependencies. At the end of the 1960s, Breyer was a passionate demonstrator against the Vietnam War and in support of civil rights. She now leads Hazelden with the same passion that impelled her activism decades ago.
2. "Practicing solid values" – A person who attempts to lead without values is no leader. He or she is merely a person with authority. Supposed "leaders" who espouse high values, but fail to honor them, invariably lose the confidence of their subordinates.
3. "Leading with heart" – Heartless leaders inspires no one. They often depend on instilling fear in others to get them to follow. Otherwise, no one would comply.
4. "Establishing connected relationships" – Leaders must be able to develop truly meaningful personal relationships with their subordinates. Dick Kovacevich, the chairman and CEO of San Francisco's Wells Fargo Bank, believes in and trusts the members of his executive team. His background as captain of his school's baseball team and as quarterback of its football team taught him to give his players the latitude they need to win. "On the athletic field, I learned that a group of people can perform so much better as a team than as the sum of their individual talents," he explains. "If you were quarterback for a team of quarterbacks, you would lose every game."
5. "Demonstrating self-discipline" – Authentic leaders set high standards for themselves and their employees. They use all of their internal resources, and the full resources of their organizations, to achieve important goals. Consider Nelson Mandela, the inspirational leader of South Africa's anti-apartheid movement. Mandela spent 27 years in jail, but never lost heart. He maintained a positive attitude and disciplined spirit. Released at 71, Mandela resumed his civil rights work. Four years later he became president of a reformed South Africa.

*"Boards of directors frequently choose leaders for their charisma instead of their character, their style rather than their substance and their image instead of their integrity."*

*"Leaders are highly complex human beings, people who have distinctive qualities that cannot be sufficiently described by lists or traits of characteristics."*

*"If you want to be a leader, you've got to flip that switch and*

### **"Knowing Your Authentic Self"**

*understand that it's about serving the folks on your team."*

*"Each of us possesses a moral GPS, a compass or conscience programmed by parents, teachers, coaches, grandparents, clergy, friends and peers."*

*"No one can be authentic by trying to be like someone else."*

*"Authentic leaders lead with their hearts as well as their heads."*

*"Leadership is a journey, not a destination. It is a*

"Know thyself" is a required mantra for an authentic leader. Build your self-awareness by regularly testing yourself, and your key values and beliefs, in the cauldron of "real-world experiences." This is often difficult and painful, but life ultimately is about making tough choices. For the authentic leader that means the right choices. You cannot be an authentic leader if you are unwilling to stick to your individual principles.

### **"Practicing Your Values and Principles"**

The concept of adhering to your core beliefs is crucial. First, define these internal qualities:

- "Values" – This concerns what is most important in your life, what you hold dear. For Reatha Clark King, president of the General Mills Foundation, this means giving people increased opportunities to improve themselves and their lives. This goal has particular relevance to King, who earned \$3 daily as a child laborer in the cotton fields of Georgia.
- "Leadership principles" – These are the standards you rely upon to lead others. They directly relate to your values.
- "Ethical boundaries" – These are the limits you place on your actions, based on your personal moral standards.

### **"What Motivates You to Be a Leader?"**

Leadership can be a difficult path. You must be fully motivated before embarking on this journey. If all you want is money and power, you'll be in trouble. Set your sights higher. Plan to make a "difference in the world."

This is something Dan Vasella, chairman and CEO of the giant drug company Novartis, has been able to accomplish. Vasella suffered from numerous serious illnesses as a child. His older sister died from cancer at the age of 18. A few years later, his father died during surgery. Vasella became a physician to fight illness, and then went to work as an executive in the pharmaceuticals industry.

He quickly moved up the corporate ladder, eventually becoming Novartis' CEO. Through Vasella's enlightened leadership, Novartis now develops life-saving drugs that people all over the world rely upon daily to maintain their health and the quality of their lives.

### **"Building Your Support Team"**

No leader ever achieved a set of planned objectives alone. You need a "support team" that will provide you with objective feedback and emotional support, and will help you keep moving ahead. Your support team may consist of colleagues, friends, family or mentors.

### **"Staying Grounded: Integrating Your Life"**

Leading always involves a high degree of stress. This internal pressure will put you in an early grave unless you learn how to cope with it. Stay grounded and fully integrate all aspects of your life – personal, professional, religious and so on. Most important: Always "find time for yourself." Failing to do so will certainly produce burnout.

### **"Are You Ready for the Challenge of Leadership?"**

Are you in touch with your most cherished values and beliefs? Is your true north properly aligned and working? If so, you are ready to step up and lead. Is this an awesome undertaking? Not really. Indeed, leading others, at the most basic level, is a fairly straightforward process. Just get in front and do it! In short, anyone can lead – any time.

The concept of the born leader is a myth. Any individual can be a leader. It simply takes courage, vision and – most important – a strong ethical base.

*marathon not a sprint. It is a process not an outcome.”*

Take a look at what Oprah Winfrey has been able to accomplish in her life. Born into poverty in Mississippi, Winfrey decided as a small child that she would advance in life. Her journey was anything but easy. It included being raped by a cousin and sexually molested by family members. But despite these and other setbacks, Winfrey was determined to succeed, and did. Winfrey is now one of the media's brightest, most successful stars. She dedicates her life in part to empowering others, particularly younger women.

Remember that there is no time like the present. Look around you. Things need changing – and deep down, you know how to change them. So do so. Become the leader you always were meant to be. Don't "wait for a tap on the shoulder." Time is fleeting.

*“It is never too late...or too soon to step up to leadership.”*

No matter whether you are a low-level or middle manager, you can become a vital leader within your organization. Everyone has to start somewhere, and every journey begins with the first step.

If you want to become a leader, then lead. Just as there never is a perfect time to become a leader, there never is a bad time either. Wendy Kopp proved this at age 21. After graduating from Princeton, she founded Teach for America to upgrade the K-12 educational system in the U.S. The program has developed 10,000 teachers, and six of every 10 of them is still in education.

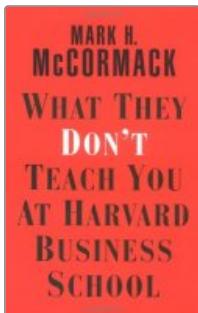
### **"Embrace Your True North"**

Are you ready to become an authentic leader? Then fully embrace your true north. You cannot succeed as a leader without taking that step. True north establishes your authenticity and inspires others to follow your lead. Remember: Leadership is a never-ending quest. It means taking one step, and then another, and another, moving inexorably ahead to achieve your important goals. So, are you headed in the right direction? You are if your true north is guiding you. It is your essential touchstone for leadership success.

## About the Authors

**Bill George** is a professor at the Harvard School of Business. He has extensive executive experience, including serving as a CEO and as a board member for numerous corporations. Co-author **Peter Sims**, a Stanford M.B.A., co-founded an investment firm.

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Book

## What They Don't Teach You at Harvard Business School

Mark H. McCormack  
[Profile Books, 1994](#)  
[Buy the book](#)

You have your education; you got your M.B.A. Now, here's what you really need to know to sell, negotiate and communicate.

### Recommendation

In this book, Mark H. McCormack draws on his experience as the head of a sports management company to provide some tips and techniques for selling, negotiating and managing. He presents a series of how-tos and recommendations, followed by several examples. The result is a well-organized guidebook to achieving success. The book's easy-to-read, breezy style and McCormack's personal touches make it an engaging and fun read. However, while the book claims to offer secrets and information that are usually not taught in school, most experienced businesspeople in any of the fields he mentions will be familiar with much of his guidance. It does mirror material that is widely covered in other books on the same topics. Still, McCormack's book is a classic written in an interesting way, and his opinions and experiences contribute to its appeal. *getAbstract* recommends it to recent graduates, and others in sales and negotiations who seek some real-life expert advice outside the ivy-covered walls of academia.

### In this summary, you will learn

- What you need to know in business that you didn't learn in school (even at Harvard)
- How to excel at selling
- How to negotiate successfully
- How to communicate effectively

### Take-Aways

- Apart from your college education, you need to be street-smart to sell, negotiate and manage well.
- Old customers can be the best customers. The ideal time to sell something is when the buyer has already said yes to something else you've offered.
- Giving away a product or service for free can get you in the door.
- A long silence can be significant in a tense negotiation session. Try not to be the one to break it.
- Walk away from a deal rather than abandoning your principles.
- Sometimes it can be critical to show up in person rather than sending a memo or making a call.

- Find ways to help others accept and embrace ideas regardless of where they originated.
- In written or verbal communication, be clear and concise.
- Don't be afraid to admit that you don't know something.
- Imagine yourself like a product. Use personal marketing. Think about how you would position yourself.

## Summary

### **Secrets of Successful Selling**

Many salespeople will gladly give advice on how selling works. A typical lesson on selling would be: "Know your product. See a lot of people. Ask everyone to buy. Use common sense." Great tips – but they need some tweaking to fit today's globalized, competitive economy:

1. **Know your product...and your industry** – Your customers will compare prices before they buy, so you should know your competition. Also, just knowing your product won't suffice; you need to believe in it as well.
2. **See a lot of people...who are likely to buy** – Beyond just knowing a lot of people, you should know the right ones.
3. **Ask everyone to buy...at the right time** – You should ask people to buy, but you shouldn't be too obtrusive. Give your customers space. Let them think that buying from you was their idea in the first place.
4. **Use common sense. Period.** – Beware: Overconfidence can kill common sense. Don't brag too much about a success.

*"The goal of any thriving organization is to stay lean rather than fat; hungry rather than satisfied."*

*"If your idea is good, you don't need charts and visual aids to sell it. If your idea is bad, all the bells and whistles in the world won't improve it."*

*"There's nothing more refreshing than a salesperson who honestly says, 'This is probably not right for you. Let's defer it for another time'."*

"Supersalespeople" have a few more tricks of the trade. One is to "knock on old doors." Realize that existing customers can be the most promising prospects. They have bought from you before; if they were satisfied, they will be inclined to buy more. Also, a supersalesperson knows to bring new information or ideas to each additional sales call. If you are a car dealer, you don't take prospects on a second test drive; instead, the second time, you offer them a finance plan. Supersalespeople "backpedal aggressively" when the time is not right for selling.

Sometimes offering to do something for free is a way to get in the door. Prospects can't refuse a free offer on the grounds that they have no budget. Then, if you do a good job, they may pay you well for what you have done or you can seek a paid arrangement in the future.

Remember who you are dealing with, and show respect for your clients and their products. One salesperson got the cold shoulder after sending a proposal to Federal Express – via DHL. Businesspeople are sensitive to any clue that shows a preference for their competitors; at a business lunch with a Coke executive, don't order a Pepsi.

Many people overlook the importance of buying in the sales equation. Recognize the leverage you have as a buyer, such as the size of your order, whether you are paying cash and whether your order could be the beginning of a long-term relationship. Use your leverage before the sale goes through to negotiate the best terms. Its effectiveness decreases dramatically after you have paid your money.

Having or obtaining the right information is half the battle. Ask questions even if you already know the answers to see if your customer might reveal new information. The more information you share, the more likely people are to reciprocate. Remember that people become chattier when they are farther away

*"It is better to overwhelm than underwhelm a prospective client."*

*"Like the advertising agent...who drives one client's cars, brushes with another account's tooth paste and uses another account's laundry detergent, being hypersensitive to a client's whims...is becoming second nature for us."*

*"While I have always believed that the contents are more important than the packaging, that's meaningless if the desired consumer is turned off by the package."*

*"You're always better off understating your ability to deliver and overdelivering on what you stated. If you can't do that, walk away."*

from their offices. Requesting information they shouldn't give you will teach you a lot about their trustworthiness. Don't hesitate to ask for numbers. If they are not ready to discuss dollar amounts with you, they are probably not ready to buy.

### The Secrets of Good Negotiating

Negotiation skills won't come to you overnight. They require hard work. The five basic techniques of negotiating you need to practice again and again are:

1. **"Silence"** – A long silence can be of major significance in a tense negotiation session. Try not to break it no matter how uncomfortable it makes you feel.
2. **"Patience"** – Sometimes, doing nothing is the most effective strategy in a negotiation. Just the passage of time can change the circumstances. So sit it out until people calm down, problems resolve on their own and new ideas pop up.
3. **"Sensitivity"** – Be aware of the other person's perspective, needs and wants.
4. **"Curiosity"** – You can learn a lot about people by observing them, especially outside their professional environment.
5. **"Showing up"** – Make a point of meeting people in person rather than calling or sending a memo, "nothing is more flattering."

When you have second thoughts about a deal, wait a while. Trying to seem decisive when you are not will cause you to make bad decisions.

The more information you gain, the more power you have in a negotiation. People like talking about themselves, so encourage them to do so. If they ask you questions you can't or don't want to answer, move to a different subject (possibly with humor). You can also change or praise the question, and then provide the information you want to supply or ask a question yourself.

At times, you can gain advantage from starting to work with the other party before you have a final contract. Haggling over details can take a while and the other person may change his or her mind. Plus, being in a cooperative process can give you an edge in negotiating, since your client or customer may now have more to lose if the deal doesn't go through.

Money is certainly important, but noneconomic factors are critical, too. For example, if your company brings great quality or prestige to the table, many people will be willing to give up money in return for a boost in their reputation. Think long-term. Respect a company's traditions and keep a deal confidential before it closes. Leaking information, particularly to the press, can kill a negotiation.

The ideal outcome for a negotiation is a win-win situation where both parties feel satisfied. Sometimes one party is much more satisfied than the other. In a "mediocre" deal, both parties are satisfied, but not very much. Such deals may have unexpected consequences. For example, if people agree to a price even though they strongly feel their services are worth more, the quality of that service might decline. They may not even be conscious of rendering less effective work. If you end up with a mediocre deal, let the other party know that you are not entirely happy. But remember that a mediocre deal can lead to much better future business.

If the price isn't good enough and you have no chance of getting a better deal in the future, walk away. Don't throw good money after bad. Also don't hesitate to leave the table if you simply cannot offer what the clients want or if they ask you to abandon your core values or principles. That might bring short-term success, but it can hurt you in the future. Walking away does not necessarily mean that you can never go back. Wait a few months and try again.

### **The Secrets of Successful Managing**

Start-up entrepreneurs generally go through three phases. In the first phase, income is very critical. In phase two, entrepreneurs are increasingly concerned with cutting costs to make a profit. Finally, in phase three, they start “managing cash” by reinvesting the money in their companies to make them more valuable. That is what Ted Turner was referring to when he said, “I’ve never been too concerned with building profits. My goal is to build value.” Building value often means growth. However, an expansion should make sense for your company and should actually be profitable. Generate a lot of ideas. A tendency to reject ideas that weren’t your own is not helpful. Get rid of that attitude within yourself and your people. Be open to new possibilities, and be creative in finding ways to help others accept and follow through with good ideas.

As a manager, you will face two types of people in your organization: heroes and winners. The heroes are highly visible, and tend to get recognition. The winners are the people who do an excellent job behind the scenes. Don’t forget about them. Work hard to motivate and recognize the winners. The people who do the glamorous jobs are more visible, but inside experts are critical for a company’s success.

If you need to fire someone, prepare everything for a smooth transition afterward. That may mean alerting customers or assigning additional responsibility to someone else before the dismissal. Be generous with people who are leaving; maybe even help them find new jobs. If you treat them fairly during the termination, they won’t talk badly about your company after they leave.

Corporate culture can be a valuable motivator. After a presentation on corporate culture, one CEO turned to his assistant and said, “The corporate culture stuff is great. I want one by Monday.” Corporate culture can help your company become great. If you want to “get one,” communicate to prospective employees that your company is world class and expects outstanding performance; encourage team work; have prospective leaders work at lower levels so they really get to know the company; ensure that your employees know where the company is heading; quantify your goals; have clear corporate values and honor them; tell your company’s story to emphasize its class and values; and define corporate role models.

As a manager, you will have to hire, retain and fire employees. Try to find the best people. If they are more qualified than you are, that’s even better. Don’t let self-consciousness trick you into hiring anyone but the best-suited candidates. To keep them, make sure you place them in the right jobs, pay them what they are worth, give them their own projects and provide regular feedback. Be sensitive about your employees. Read the handwriting on the wall; no one leaves without giving you subtle clues beforehand.

As a boss, focus on “adding value,” including bringing out the best in your people, rather than exercising your power. Always ask yourself if you need to be involved – if not, let your staff members do the job by themselves. Teach them how to do it or how to do it better, and then leave them to it. There’s a difference between “being the boss and being bossy.” Recognize your own areas of expertise, avoid inefficiencies, be a good example and provide people with clear objectives.

### **“Getting Ahead”**

Imagine yourself as a product. Then think about how you would position yourself. Would you be high- or low-priced? First-to-market or a long-range seller? Practical or stylish? Apply the principles of marketing to yourself and use them to get ahead. Be aware of your weaknesses, but not proud of them. Nurture these crucial traits in yourself: “honesty and integrity, mental toughness, stubbornness, thoughtfulness” and “maturity.”

### **“Getting Organized”**

*“The art of salesmanship is telling the customers what they want to hear. The art of customership is hearing the salesman’s pitch and getting it down on paper.”*

*“Once people dig in their heels on a position, no amount of spade work will get them out. You’re not really negotiating anymore; you’re finding a way for them to save face.”*

*“Two factors – timing and the individual’s loyalty to our company – determine everything that follows once I decide to let someone go.”*

*“The longer the letter, the less likely it will be*

*answered.”*

It doesn't matter what time management system you use as long as you use one. Always schedule free time in case something unforeseen happens. Plan ahead and respect others' busy schedules as well. Make notes of every conversation you have. If you are going to talk to someone on the phone, take a minute before you call to focus on what you want to say.

### **“Communicating”**

If you are sending a letter or memo, obey the basic rules of good writing: Organize your message. Use bullet points if appropriate. Don't confuse your reader with complicated sentences. Keep them short and simple. Don't hide your message between the lines or make your reader guess. Say what you want to say in plain words. This is true for verbal communication as well. Avoid overinterpreting the other person's body language; instead, rely on better clues such as exact phrasing (“I might like to do that.” versus “I would really like to do that.”) or how much time the other person dedicates to the conversation.

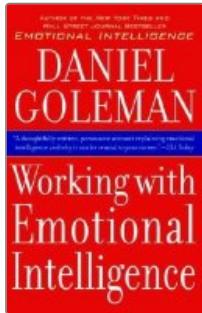
*“Short words, short sentences, short paragraphs work. Trust me.”*

## About the Author

**Mark H. McCormack** is the author of the classic *What They Don't Teach You at Harvard Business School*, published in 1984. He is also the founder and chairman of a sports management company that represents top athletes, including golfers Arnold Palmer, Gary Player and Jack Nicklaus.

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Book

## Working With Emotional Intelligence

Daniel Goleman  
[Bantam](#), 2000  
 First Edition: 1998  
[Buy the book](#)

Emotions convey lessons you – and your organization – need to know. First step: self-awareness, for you and the company.

## Recommendation

Author Daniel Goleman applies the rules of "emotional intelligence" to the workplace. Being intelligent counts in the world of business, but the interpersonal smarts referred to as "emotional competencies" count even more. Goleman, who wrote the seminal book *Emotional Intelligence*, underscores his conclusion with numerous studies and anecdotes, showing that those who have "people skills" are likelier to succeed. Skills that help teams collaborate are increasingly important as coalition building emerges as the model for getting things done. Goleman includes thorough guidelines for implementing effective "EQ" training programs. Companies that train managers in "emotional competencies" reap concrete business benefits: increased sales, more seamless teamwork, and constant improvement based on analysis and feedback. *getAbstract* highly recommends this well-written book on how understanding feelings adds to your bottom line.

## In this summary, you will learn

- Why "emotional intelligence" is crucial to leaders, teams and organizations
- How to improve your company's "EQ" and your own

## Take-Aways

- As your career advances, interpersonal skills matter more than cognitive skills.
- Luckily, unlike cognitive skills, you can improve your "emotional competencies."
- To improve your "empathy," the core attribute of emotional skill, learn to listen.
- Emotional awareness is honed during downtime, and yet you must be able to draw upon it in a pinch. Take time to develop it.
- Understanding your own feelings improves your ability to understand others' feelings. It sharpens your "radar."
- Be aware that in some cases too much empathy is inappropriate.
- "Feedback" is essential when you are trying to change ingrained habits. Keep track of your progress as you improve your emotional skills.

- Moods are catching, so try to spread a good one. Understand what affects your mood.
- Many characteristics that help individuals succeed are also important for organizations, such as reliability, openness and emotional sensitivity.
- "Emotionally intelligent" organizations value the bottom line contribution of employees who practice "soft people skills."

## Summary

*"Emotional awareness starts with attunement to the stream of feeling that is a constant presence in all of us and with a recognition of how these emotions shape what we perceive, think and do."*

*"From that awareness comes another: that our feelings affect those we deal with."*

*"People gravitate to what gives them meaning, to what engages...their commitment, talent, energy and skill. That can mean changing jobs to get a better fit with what matters to us."*

### People Who Like People

Managers today worry about losing their jobs – and with good reason. The days of working 30 years for one company and then retiring are done. An advanced degree and technical know-how do not guarantee that you will keep your job. Evidence reveals that today's employers seek new hires who have better listening skills, who accept criticism well, whose personalities exhibit overall situational flexibility and who are self-directed. Companies now need employees with "people skills." In the modern workforce, "emotional intelligence" or "EQ," offers a more complete measure of professional success than IQ. Many studies show that IQ without an emotional component is not enough for success. But, in contrast to cognitive intellect, you can improve your emotional intelligence.

The emotional competencies necessary for success include the ability to self-start, grasp personality-based politics and get along with others. Companies prize these skills more than know-how. Studies probing different angles of what you need to be a "top performer" all yield the same startling result: most companies feel that interpersonal skills are more important to job excellence than intellectual ability or technical understanding, in fact, they are twice as important. "Emotional competence" is a particularly crucial component of leadership.

### Go with Your Gut

Aside from talent and expertise, to excel you need such emotional skills as self-knowledge, the ability to manage your feelings, concern for others, social adroitness, enthusiasm and commitment. Developing "rapport" requires gaining trust, the key to influencing others and getting your goals approved. These emotional intelligence competencies are the basis of strong leadership skills.

Emotional strength enhances decision making. Heed your intuition. Those vague feelings about the right thing to do in a given situation provide a wealth of input you should weigh. Your feelings add dimension to your choices. People who are aware of their feelings and their impact show more empathy. How can you improve your self-awareness? One way is to keep a journal of behaviors you want to change, so you can analyze them later for clues about what sets off your ingrained emotional patterns. For example, record the moments when you get irritable or say something you regret to develop a list you can use to identify conditions or situations that provoke you, so you approach them with more self-awareness in the future.

Unless you allow space in your life to listen to your emotions, you cannot develop your awareness of the nuances of your inner emotional "radar." Emotions evolve in a different time frame and do not respond to deadlines. They are not available on demand. You must cultivate the space for emotional awareness, tune into it and explore it to get to know it. That requires downtime for quiet contemplation of your emotional reactions.

Self-confidence resonates with others; it inspires trust. Those who lack confidence find it hard to make tough decisions in the face of unknown variables, especially decisions that contradict the prevailing view. Self-confidence stokes courage and

*"These times call for... adaptability. Stars in this competence relish change and find exhilaration in innovation. They are open to new information and...can let go of old assumptions, and so adapt how they operate."*

*"The more accurately we can monitor our emotional upsets, the sooner we can recover from distress... Emotional clarity, it seems, enables us to manage bad moods."*

*"Influence entails handling emotions effectively in other people...Star performers are artful at sending emotional signals, which makes them powerful communicators, able to sway an audience – in short, leaders."*

*"Just one cognitive ability distinguished star performers from average: pattern recognition, the 'big-picture' thinking that allows others to pick out the meaningful trends from the welter of information around*

risk taking. An AT&T study showed that mid-level executives with a strong belief in their skills from the beginning of their careers had greater success. A study that followed people over their lifetimes found that those with more childhood self-confidence reap greater professional rewards as adults.

### **The Flow of Information**

The brain's cognitive and emotional centers sometimes work at odds with each other. Under stress, the brain's emotional center switches into the emergency response mode and siphons off resources your mind usually devotes to cognition. This happens when people suffer "stage fright" and fear overwhelms the brain's ability to recall what they were supposed to do.

Too much sensory stimulation, an overload of information flooding in at once, destroys the mind's ability to focus and stresses the body into perpetual emergency survival mode. Being able to activate your emotional restraint is crucial for performing under stress, not only for the benefit of remaining diplomatic even when you're angry, but also for the ability to concentrate despite "distractions." Of course, you should remain aware of your emotions, and even use them to reach your goals. However, allowing emotion to override your ability to function rationally leads only to negative consequences. Don't let anger and fear derail you.

Business success demands a steady attitude and a dependable manner. You must adjust calmly to unforeseen changes and remain emotionally open. In the work world, you cannot let a passing state of mind dictate your actions. To maintain the serenity you need for work, cultivate strategies for coping with stress. To make those around you feel confident about you, be sure they always know where you stand. Act transparently and ethically. If you're scrupulous, even if you make a mistake, others will trust you to admit it and try to fix it.

Change is a fact, especially in business. It requires the ability to acclimatize to meet constantly shifting demands, and to entertain new ideas and novel approaches to old problems. Creativity is really just daydreaming unless you add the "emotional competencies" to present new ideas to others and ask for their support.

Work that combines a sense of challenge and creativity, work you love, makes it easy to become so absorbed that you lose track of time, achieving a state of "flow." This focuses all of your senses in the service of your work. Inspiring work energizes you to do your best and makes the labor seem almost effortless. Such motivation is important for peak performance. Employers prize this level of dedication, "drive to achieve," optimism, quest for constant improvement and ability to self-start. Employees who feel their company's values align with their own come closest to this level of commitment, which breeds loyalty and trust. An optimistic attitude can make a real difference in how workers view reversals, either as opportunities to learn from their errors or as devastating obstacles.

### **Strengthening Ties**

One tried-and-true strategy for increasing sales is to put yourself in your customer's shoes and figure out what you can suggest to improve his or her business. This ability to intuit the feelings of others by picking up subtle clues about their personalities, likes and dislikes from their behavior or vocal mannerisms is called "empathy." The inability to empathize indicates a concomitant lack of social grace. Empathy is an essential building block in the social skills necessary for business. Sensitivity to others' needs underlies the ability to provide good service, be a mentor and navigate diverse, and sometimes conflicting, workplace personalities.

Develop greater empathy by consciously improving your listening skills. This has a bonus: If you are a good listener, people will want to tell you more. However, as crucial as it is to be sensitive to others' feelings and wishes, to get your employees

*"them and to think strategically far into the future."*

*"While...relevant technical expertise is vital to generating innovative ideas, when it comes to putting those ideas to practical use, navigating the web of influence that permeates an organization makes all the difference."*

*"The art of maximizing intellectual capital lies in orchestrating the interactions of the people whose minds hold that knowledge and expertise."*

*"Understanding someone's point of view or perspective – knowing why they feel as they do – does not inevitably mean embracing it."*

*"Beyond zero tolerance for intolerance, the ability to leverage diversity revolves*

to improve, you must be able to give them constructive, objective feedback. Sometimes too much empathy can be a drawback, particularly if you must make a decision without regard to emotional fallout. However, optimal productivity requires strong interpersonal relationships, which you may devastate if you do not pay enough attention to the emotional impact of your decisions. This balancing act requires sensitivity to everyone's needs.

Knowing how to respect the differences among people in today's culturally diverse workforce, while pulling everyone together as a team, is a crucial management skill. If you create an atmosphere of respect for each person's skills and encourage assorted perspectives, your team members' differences can lead to unexpected "opportunities." Whether you are aware of your impact or not, your attitudes, feelings and expectations influence those around you. Try to become aware. Understanding and evaluating others' feelings underlies all negotiations. The easiest way to persuade others is to start from their desires and expectations, as you see them. Getting what you want requires building an emotional connection to those you wish to direct or persuade.

Part of strengthening your empathy is developing the ability to set aside distracting thoughts and emotions, so you are fully present for the situation at hand. Marshalling your feelings is crucial to interpreting the underlying politics of any situation you seek to influence.

### **Following the Leader**

Many people are adept at the "social skills" needed to advance, yet they falter because they don't remain open to those they supervise. Subordinates follow leaders, but not just to serve business goals. People follow a leader's style, energy level and emotional approach. When leaders convey loyalty to the firm and optimism about it, workers resonate to that message.

If you use your listening skills, empathy and sensitivity to understand other people's fears, you will develop the tact you need to be a leader, especially in tough times. People are inspired to excel when they see clearly that the leader values their individual contributions. Leaders' emotional intelligence translates to organizational EQ. Often that attribute attracts clients, even more than brains or track record. Once again, the skills that create empathy – active listening and seeing a situation from another's point of view – are vital.

### **Emotionally Intelligent Networks**

Networks that harness the creativity and intellectual power of groups are increasingly important. When a team performs with "EQ," the results are better than managers might forecast just based on the individual abilities of the team members. Identifying what you might have in common with another team member is an important first step in building and maintaining rapport. In time, such connections result in a network of interpersonal relationships that extend your potential influence beyond the limits of your individual reach.

In the past, star employees were rewarded more than good team players. That is changing as businesses realize significant bottom-line results based on working teams. A loose confederation of team members, including supervisors, tends to work better than a traditional authoritarian structure. Team rules that emphasize respect and openness engender solidarity, creativity and goal-driven consensus. An adept team leader should model confidence, openness to new ideas and eagerness to analyze feedback to improve the team's results.

### **Bolstering Your EQ**

As you mature, so does your radar for sensing the emotional dimension in your interactions. You can enhance your ability in this area with practice, but you must be willing to change old habits. That requires awareness of your ingrained feelings, responses and behaviors. It means developing a plan to replace an old

*around three skills: getting along well with people who are different, appreciating the unique ways others may operate, and seizing whatever business opportunity these unique approaches might offer."*

*"Persuasion is lubricated by identifying a bond or commonality; taking time to establish one is not a detour but an essential step."*

habit with a new one, as well as committing to being patient and allocating time to let a new behavior take hold. Focus on one realistic goal at a time. To measure your progress, develop a plan that includes feedback. This provides the objective assessment you need to adjust your behavior. Scrutinize and challenge interactions that don't work to ascertain the underlying presumptions they might reveal.

Only those organizations that appreciate people skills and value relationship-based programs, such as mentoring, will reap the benefits of "emotional intelligence." Too often people-to-people skills, and the time it takes to develop them, are under appreciated.

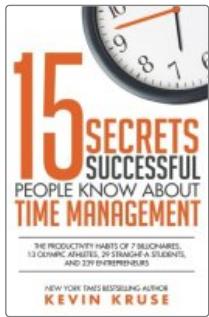
Beware of the bad habits of emotionally clueless organizations. They give their people too much to do. They micromanage subordinates. They don't show enough employee appreciation, a problem that is reflected in a lack of positive feedback, career opportunities and fair pay. Indifference to creating a workplace "community," or blithe oblivion to unfair or unethical company practices, erodes employees' confidence in the organization. To improve overall functioning and reap the rewards of emotional intelligence, implement policies that improve your organization's self-awareness. Companies must become sensitive to providing the intangible benefits people need to connect their personal values to their jobs. "Collaboration," honest communication and attention to basic human emotional needs, such as respect, will go a long way toward raising your organization's EQ.

## About the Author

**Daniel Goleman** received his Ph.D. from Harvard and is Co-Director of the Consortium for Research on Emotional Intelligence in Organizations at Rutgers University. He is the author of many books, including the groundbreaking *Emotional Intelligence*.

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Book

## 15 Secrets Successful People Know About Time Management

The Productivity Habits of 7 Billionaires, 13 Olympic Athletes, 29 Straight-A Students, and 239 Entrepreneurs

Kevin Kruse  
[Kruse Group](#), 2015  
[Buy the book](#)

Successful people are different – among other things, they do a better job of managing their time.

### Recommendation

Kevin Kruse – *New York Times* best-selling author, *Forbes* contributor and *Inc.* 500 award-winning entrepreneur – combines his skills as a CEO and a journalist to search for common bonds of success by surveying people of great accomplishment. In surprisingly personal replies, billionaires, entrepreneurs and Olympians stress that they make the most of every minute, at work and at play. High achievers follow a fundamental mind-set. They regard time as an asset more valuable than money and they spend every minute wisely. They focus on their top goals. They strip clutter from their workplace and reject time-consuming commitments. Even hands-on entrepreneurs delegate most tasks. In this guide brimming with verbatim insights, top achievers emphasize the need for rest, exercise and even fun – maybe that's why Kruse included some intriguing apps. *getAbstract* recommends his practical advice to anyone who wants to become more efficient and more successful.

### In this summary, you will learn

- How top achievers use their time as an asset
- How to shed distractions so you can focus your energy on your personal priorities and goals
- How rest and recreation can help you succeed

### Take-Aways

- Highly successful people view time as their most valuable asset.
- A tightly scheduled calendar relieves stress and increases intellectual focus.
- Identifying your most important goal will help you prioritize your tasks.
- Many of the world's wealthiest entrepreneurs carry notebooks so they can jot down their ideas immediately.
- Brief daily huddles can replace long meetings, reduce emails and unite your team.
- The 80/20 principle holds that 20% of the work generates 80% of the results.

- Delegating as many tasks as possible frees your time for your highest-return goals.
- Many entrepreneurs assign themes to days of the week, such as “focus days” or “buffer days.”
- High achievers deal with incoming short-term tasks instantly to avoid extra work and clutter.
- Renewing your physical and mental energy with sleep and relaxation improves your productivity.

## Summary

*“Highly successful people don’t think about time much at all. Instead, they think about values, priorities and consistent habits.”*

*“If you aren’t busy working on your own goals, you’ll be working to achieve somebody else’s goals.”*

*“Items on a to-do list can sit there forever, constantly getting bumped by things that seem urgent in the moment.”*

### Fifteen Top Time-Management Tips

In a series of revealing interviews, seven billionaires, 13 Olympians, 29 star students and 239 entrepreneurs explained their 15 most useful time-management secrets:

#### 1. “Time Is Your Most Valuable and Scarcest Resource”

As a CEO irked by constant interruptions, author Kevin Kruse posted a large sign reading, “1440.” He discovered that viewing his day as 1,440 minutes of potential success helped him focus on essential tasks. His employees began emulating his 1,440-minute mind-set, thus increasing productivity throughout his company. Kruse’s interviews and surveys with top achievers confirm that they share this point of view. They recognize time as their most valuable asset. The loss of money, even the failure of a business, still leaves future opportunities to regain ground, but lost time is irreplaceable.

#### 2. “Identify Your Most Important Task” and Do It First

Successful people focus on their top priority, long-term goals and identify meaningful, specific short-term goals they must accomplish first. Breaking short-term goals down into measurable steps guides high achievers to their “most important tasks” (MIT). They concentrate on completing all or part of their MITs before they go on to other activities.

Savvy CEOs confirm the scientific theory that the brain functions at its fullest capacity during the first two hours each morning. Airbnb founder Nathan Blecharczyk makes use of this burst of energy to concentrate on his main priorities. Getting off to an early start each day gives you a work period of relative peace before daily problems arise to distract you from your MIT.

#### 3. “Work from Your Calendar, Not a To-Do List”

A to-do list can become a monster. Vanquishing one problem only creates many more to add to the list. Research indicates that most list-makers never complete 41% of their planned jobs. Daily lists tend to randomize the order of importance among your tasks, thus muddling your focus. Most successful CEOs rely on strictly scheduled calendars. Sticking to a schedule allows time for you to focus first on your MITs. Deciding what tasks deserve calendar space or blocks of time keeps you from wasting time. Entrepreneurs report that tightly organized calendars reduce stress.

Power players make their calendars work hard and play hard by reserving time for solo concentration, for one-on-one communication and for team input. They also set aside specific chunks of time for relaxation. Briana Scurry, goalkeeper for two gold medal-winning soccer teams, consistently took days off from training to rest and regain perspective. Highly successful people set aside time to care for their health and their personal lives, families and communities.

*"Highly successful people don't have a to-do list, but they do have a very well-kept calendar."*

*"When people talk about time management, what they really want is to get more stuff done with less stress."*

*"Successful people take immediate action on almost every item they encounter. They know that to be efficient, they want to expend the least possible amount of time and mental energy processing things."*

*"The act of taking notes by hand involves active listening, cognitive processing and finally recall...People who take notes with a laptop tend to just robotically record spoken words, without doing the mental work to process it."*

#### 4. To Overcome Procrastination, “Beat Your Future Self”

Most people say procrastination is why they choose easier tasks first or believe they will perform better later, but don't measure up. Instead of delaying, try these “procrastination busters”:

- **Do now what you promise you'll do later** – Defeating procrastination means doing what you should do right this minute instead of trusting some future version of yourself “to do the right thing” later. If you say you'll diet, exercise or do that irksome job in five minutes, do it now. Have a salad before you order ice cream, jog before you collapse on the couch and proofread that report before you watch videos. People think they'll be better later, but they probably won't. To succeed, be better now.
- **For motivation, imagine your results** – Whether finishing a task will give you pleasure or failing to get it done will cause you pain, imagine the outcome of your actions.
- **Share the burden** – Being responsible to someone else who shares your goal, like a fellow jogger, creates an emotional commitment. Enlist an “accountability partner.”
- **Grab the carrot; avoid the stick** – The promise of a future reward lures some people, but often the fear of punishment works better. Devising a personal non-completion penalty in the form of a charitable contribution can turn your lack into a community gain.
- **Behave like the person you hope to become** – Adopt the behaviors of your ideal self to anchor your values and make a firmer commitment to them. Even going through the motions will help you achieve your personal best.
- **Embrace the imperfect** – The desire for perfection may intimidate you into inaction. Acknowledging imperfect work is a first step to easing the stress that keeps you from starting at all. “Settle for good enough;” you can always improve your output later.

#### 5. “There Will Always Be More to Do”

Successful people accept their limitations. From a mountain of tasks, they choose their daily priorities, try to achieve them and leave the rest at the office for another day. While work may be never-ending, they know they must set reasonable boundaries. Overcoming the onus of constant responsibility will help you lead a normal life and care for yourself and your family without guilt.

#### 6. “Always Carry a Notebook”

Some of the world's most famous billionaires, including Sir Richard Branson, attribute their success to keeping a notebook handy. Jotting down stray thoughts, meeting notes and great ideas creates indelible impressions, both on paper and in your mind. Research shows the brain uses several intertwined functions to process handwritten information. This results in more active, accurate recall than typing. Once you capture your ideas, notes or lessons on paper, transfer them to a computer for permanent future reference. Date your notebooks so you can refer back to them.

#### 7. “Control Your Inbox”

A survey by the McKinsey Global Institute indicates that office workers spend up to one-third of their days reading and replying to emails. Be aware that “email is a great way for other people to put their priorities into your life.” Use the “321-Zero” system to keep email in its place: Three times a day, spend 21 minutes reviewing your messages. Your goal is an inbox with no new mail.

This arbitrary time limit will force you to reply with clear, succinct answers. Act on each email when you open it. Decide if you should work on it immediately, enter it on your calendar for later action, delegate it or file it. Frugal use of the

Copy and Forward commands help you avoid snowballing responses that clog your inbox. Clever use of the subject line can alert the recipient as to whether your email requires urgent action or a later response or is simply an FYI note.

#### **8. “Schedule and Attend Meetings as a Last Resort”**

Eliminating formal meetings can save everyone wasted time. Don’t set up or go to meetings unless “all other forms of communication won’t work.” Many entrepreneurs use a brief daily huddle as a more efficient, informative and unifying way to get their team moving. The late Steve Jobs famously avoided meetings by substituting a short, eminently escapable stroll. Billionaire entrepreneur Mark Cuban advises, “Never do meetings unless someone is writing a check.”

#### **9. “Say No to Everything that Doesn’t Support Your Immediate Goals”**

Business magnate Warren Buffett advises that, “very successful people say no to almost everything.” They realize that each commitment of their time may result in the loss of other opportunities. They protect their most valuable asset, time, from any request that doesn’t further their long-term priorities.

#### **10. Follow the “Powerful Pareto Principle”**

The Pareto principle holds that 20% of your effort accounts for 80% of your results. Aspiring billionaires apply this economic principle to identify the most efficient ways to deploy their exceptional skills or to complete important tasks. Use this principle to identify the 20% of your activities that will provide 80% of the reward for your efforts.

#### **11. Focus on “Your Unique Strengths and Passions”**

As part of a productivity experiment, a Harvard research team asked employees to analyze the chores they do on based on three questions: Could they drop the task entirely as unnecessary? Could they delegate it to a competent subordinate? If they had to do the task, could they examine it to develop a more efficient solution? By following this program, each employee saved an average of “six hours of desk work and two hours of meeting time each week.”

A CEO who regularly delegates to trustworthy employees gains more energy and productivity and suffers less stress. Outsourcing easier chores frees up your time and mental energy to concentrate on meaningful goals and high return projects. *Youtility* author Jay Baer advises trying to delegate “at least 15% of what you’re doing.” However, some successful people refuse to delegate certain “grounding” tasks. For example, Mark Cuban likes to wash his own laundry.

#### **12. “Batch Your Work with Recurring Themes”**

Innovative entrepreneurs assign themes to their office days so their employees can concentrate on one specific type of work. Scheduled weekly and monthly themes can include “meeting” days for one-on-one discussions, team gatherings or group training seminars. Other themes include “focus days” to concentrate on certain crucial tasks and “buffer days” for catching up. Facebook co-founder Dustin Moskovitz sticks to a “No Meeting Wednesdays” theme. Devoting a staff’s entire day to one kind of work encourages collective concentration that spurs productivity.

#### **13. If You Can Do a Task in “Less Than Five Minute, Do It Immediately”**

Top achievers seek immediate return on their time. To expedite incoming work, they enforce a “touch it once” principle:

- **Handle email immediately** – Delegate as much of it as you can. Complete instantly anything you can handle in just a few minutes. If you can’t resolve an email request quickly, add it to your calendar.

*“Cognitive capacity declines throughout the day; you must build in frequent mental breaks to recharge and maintain productivity.”*

*“If you send less email, you’ll also receive less email.”*

*“Every yes will be a no to something else when the time comes. Understanding that there is always an opportunity cost will make you hesitate and really be careful about what you are agreeing to put on your calendar.”*

*“People who actively look for things to delegate report higher levels of productivity, happiness and energy.”*

- **Update your calendar as needed** – Move time-consuming tasks from email to your calendar as a reminder to act on them as soon as possible. Create weekly time blocks to deal with routine tasks, such as paying bills.
- **Constantly clear clutter** – Be mindful of time wasted searching for mislaid items. Maintain order in your surroundings. A messy environment can cause stress.

*"If you don't have an admin, you are an admin."*

*"The single most important thing when it comes to time and productivity isn't a tactic or a trick – it's a shift in mind-set."*

#### **14. Routinely Use Early Mornings to “Strengthen Your Mind, Body and Spirit”**

Most entrepreneurs embrace a morning routine to re-energize physically and mentally. They recharge with plenty of water, healthy food and exercise. Busy CEOs invigorate their minds with reading or meditation. Uber-achiever Arnold Schwarzenegger rises at dawn to read several newspapers, do a cardiovascular workout, and eat a breakfast of fruit and oatmeal.

#### **15. “Productivity Is About Energy and Focus, Not Time”**

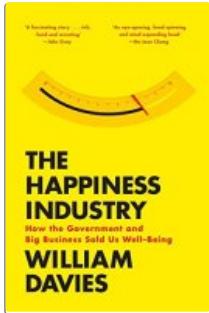
Hard workers make room in their schedules for relaxation. Spending more time on work doesn't guarantee more or better results. Maintaining maximum energy levels and working in short spurts aids productivity. The brain's capacity to process data efficiently falters during the day, dropping from full energy to fatigue about every 90 minutes. Frequent breaks for water, nutritious snacks and light exercise rejuvenate the mind and encourage greater productivity. Billionaire Mohammed Dewji – the CEO of Tanzania-based MeTL Group – relies on a midday workout to renew his energy and focus.

Take enough down time to build the energy you need to perform. Olympic athletes depend on sleep to revitalize their bodies. Shannon Miller, seven-time Olympic medalist in gymnastics, enjoys brief power naps. Consistently healthful food, fun, rest and recreation renew your physical stamina and mental focus. This fosters greater productivity and enhances your life at play and at work. Successful people build the energy and focus to make each minute count.

## About the Author

**Kevin Kruse** is a *New York Times* best-selling author, frequent *Forbes* contributor, consultant and *Inc.* 500 award-winner. He founded several multimillion-dollar companies and conducts presentations on productivity at conferences worldwide.

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## The Happiness Industry

How the Government and Big Business Sold Us Well-Being

William Davies  
[Verso Books, 2016](#)  
[Buy the book](#)

Businesses and governments are turning happiness into a requirement.

## Recommendation

Political economist William Davies, a lecturer at Goldsmiths, University of London, discusses the official obsession with happiness. Happy workers are more productive, but today's workers aren't happy. Their frequent absences and general apathy cost billions of dollars in lost productivity every year. Managers and policy makers respond with programs to boost happiness. They hire happiness consultants, create positions like "chief happiness officer" and monitor social media for spikes in sad words. In dispassionate prose spiced with moments of dry humor, Davies offers a detailed, dense and depressing look at the increasingly pervasive monitoring and manipulation of people's moods. *getAbstract* suggests this contrarian view to managers, policy makers, entrepreneurs and those who prefer to determine for themselves how they feel – happy or not.

## In this summary, you will learn

- Why 21st-century businesses and governments seek to boost happiness
- How the science of measuring and manipulating happiness developed

## Take-Aways

- The world's economic policy elite sees happiness – and worker engagement – as central concerns.
- Happy workers are more productive, but today's workers aren't happy.
- Gallup estimates that worker unhappiness costs the United States more than \$500 billion a year in lost tax revenues, lost productivity and health care expenses.
- Businesses view happiness as a resource, not a goal.
- Science can more effectively and objectively measure happiness.
- Sources – such as social media – that can provide data about a population's well-being gain influence.
- Enlightenment philosopher Jeremy Bentham (1748-1832) – the founder of modern utilitarianism – proposed happiness as a means of social control.
- Happiness initiatives intend to change individuals' attitudes, but don't change the power imbalances that cause depression.

- Mental illness rates correlate closely with social problems such as income inequality.
- An effective approach to well-being is to focus on reforming dysfunctional institutions.

## Summary

*“As a measurable, visible, improvable entity, [happiness] has now penetrated the citadel of global economic management.”*

*“In scrapping the possibility that a mental syndrome might be an understandable and proportionate response to a set of external circumstances, psychiatry lost the capacity to identify problems in the fabric of society or economy.”*

*“It was via the subjective experience of work, as an exercise that gradually increases in painfulness, that capitalists became interested in how we think and feel for the very first time.”*

### The Happiness Regime

Worker disengagement undermines productivity, and pervasive mental illness strains government resources. The rising rates of depression and worker disengagement may explain why those in power in corporations and government now prioritize cultivating happiness. Business leaders and public policy makers dwell extensively on the techniques and technology they can use to measure and mitigate stress, illness and depression.

Corporations now create such positions as “chief happiness officer.” They draw on neuroscience to track employees’ moods and hire behavioral consultants to craft programs to cheer up the members of their workforce. Governments keep statistics on national well-being and offer optimism coaching to the unemployed. At least one municipality experimented with “positive psychology” programs in schools to inculcate the habits of optimism in children.

The happiness movement ignores such social and political conditions as income inequality and a hypercompetitive culture that contribute to a general malaise. It tends to view depression and other disaffection-related disorders as individual problems to fix with medication or therapy.

### A History of Happiness

The concept of happiness as a tool of business and government manipulation dates back to the 18th-century Enlightenment. In his doctrine of economic utilitarianism, philosopher Jeremy Bentham (1748-1832) argued that government policies should bring the most happiness to the greatest number of people. But how could anyone measure the levels of happiness that particular actions might produce? Bentham suggested measuring people’s pulse rates to reveal their inner feelings. This foreshadowed today’s efforts to quantify emotions by monitoring heart rates, brain waves and eye movements. Bentham advocated using the vicissitudes of the marketplace as a model of the mind and its desires. This became a reality in the 19th century.

### The Money Metric

In the 1870s, economic theorist William Stanley Jevons (1835-1882) showed how money could serve as an emotional yardstick. His innovation redefined the concept of market value. Instead of regarding a product’s value as the sum of the materials and the work that went into producing it, Jevons identified value as a subjective judgment that a consumer reached independently. As a result, the prices of goods serve as a barometer of public attitudes and desires.

Jevons tried to imagine a method for measuring the amount of pleasure a person exacted from a purchase. One scholar conceived of a machine called the “hedonimeter.” But economists who follow the markets lost interest in subjective feelings. For them, it was enough to track which items sparked consumer preferences.

### “Behaviorism”

*"The journey time between the founding of American psychology and its application to business problems was extremely short."*

*"There is troubling evidence that depression can be triggered by the competitive ethos itself, afflicting not only the 'losers' but also the 'winners'."*

*"Relentless fascination with quantities of subjective feeling can only possibly divert critical attention away from broader political and economic problems."*

*"By 1920, the advertising industry was fully alert to the potential riches offered by psychology."*

*"Every leading advertising and market*

At the dawn of the 20th century, psychologists in America moved even further from abstract and metaphysical issues. The behaviorist tradition took this trend to the extreme. Championed by American Psychological Association president John B. Watson (1878-1958), behaviorism taught psychologists that they didn't need to probe for patients' feelings. They could learn all they needed to know by observing people's responses to various stimuli. Watson eliminated the roles of inner drives, desires and perceptions, declaring he could explain all human behavior as the result of conditioning.

His contentions drew the interest of the field of advertising. In 1920, Watson joined the J. Walter Thompson ad agency where he pursued the idea that the function of an effective ad was not to extol the product but to "trigger" emotions through stimuli.

Watson didn't care what customers wanted. He believed he could tell them what they wanted by triggering the appropriate emotions. As a hedge against Watson's cockiness, the Thompson agency supplemented his behavioral approach with surveys of consumer attitudes. With sound survey methods, marketers could learn what people wanted and market those desires back to them through trigger-laden behaviorist advertising.

### **Return of the Measurers**

In the second half of the 20th century, economists and policy makers increasingly used market-based metrics to calculate people's attitudes about issues outside the marketplace. By establishing a monetary value for everything – including nature – they sought to use economics to settle public legal disputes, such as issues surrounding the extent of Exxon's liability in the 1989 Alaskan oil spill. Researchers calculated the economic toll by surveying US citizens about how much they would be "willing to pay" to have prevented the spill. They reinterpreted citizens' desire for a clean coast in terms of market value.

Such an expansion of money metrics beyond the market sparked interest in measuring levels of happiness. If economists could gauge happiness, they could compare the happiness levels of people with different incomes and compute a correlation between pleasure and money. With that correlation as a benchmark, they could establish the monetary value of nonmarket commodities – like clean air or a library – by measuring pleasure they provide. British officials used this technique to determine the value of cultural institutions.

### **Unhappy Workers**

Worker disengagement is a major threat to productivity. The Gallup organization believes unhappy workers' frequent absences and apathetic performance cost the US economy more than \$500 billion a year in lost tax revenues, lost productivity and health care costs. Governments worry because lower productivity leads to faltering economies and lower tax receipts.

If unhappy workers lose their jobs, the government may have to provide unemployment benefits. Countries with socialized health care may face more costs because many unhappy workers also have low-level mental health problems that can intensify amid the uncertainty of unemployment. Contending with mental disorders consumes 3% to 4% of GDP in the US and Europe.

Most of the mental and physical problems that workers suffer are "nonspecific" complaints that fall under the rubric of "stress." Studies by psychologist Robert Kahn in the 1960s suggest that the roots of workplace stress may lie in the structure of the workplace itself, where hierarchical organizational ladders and lack of worker autonomy provoke feelings of disempowerment. Yet, instead of modifying that structure, management chose to focus on modifying workers – trying to fix their unhappiness.

*research guru has come to view the emotional aspects of the mind and brain as the target for their ad campaigns and research.”*

*“What begins as a scientific inquiry into the conditions and nature of human welfare can swiftly mutate into new strategies for behavioral control.”*

*“Stress can be viewed as a medical problem, or it can be viewed as a political one.”*

*“The goal is not to make employees feel valued, but to rearrange power relations such that they are valued, a state of affairs that will most likely influence how they feel as a side effect.”*

*“High-end wellness consultants make large sums of money by teaching corporate elites how to maintain*

A booming business in happiness consultancy sprang up to help companies and government agencies meet that goal. “Happiness gurus” now offer motivational psychology and meditation practices for disengaged workers and for managers who fear burnout. One top happiness guru even recommends laying off the 10% of workers who demonstrate the least zeal for the happiness syllabus, claiming that the surviving employees suddenly become “super-engaged.”

Others keep tabs on happiness through surveillance. Managers evaluate employees through algorithmic analysis of office emails. Increasingly managers are turning to real-time health data to monitor performance. One company offers a wearable device that tracks and archives data on such variables as an employee’s tone of voice. These managers look on happiness as a “resource.” Well-being becomes merely a means of achieving profits, status or power. Managers view experiences like office friendship as valuable only because they can extract the happiness friendship brings as fuel for their next business challenge.

### **Technology’s Influence**

Many experts are optimistic about their ability to manipulate mood because modern technology opens opportunities for monitoring and interpreting population behavior.

Experts can access to a vast repository of granular data, thanks to technological innovations and societal changes such as:

- **The rise of big data** – People’s daily transactions with businesses, government as well as the networked “smart” infrastructure produce behavioral records that institutions can use to analyze.
- **The rise of “narcissism”** – People often lack the patience to answer surveys and polls. Yet they happily offer their “thoughts, tastes, likes, dislikes and opinions” on Facebook, which preserves their entries in its data banks.
- **“Emotionally intelligent” computers** – Researchers can now program or “teach” computers to deduce moods and attitudes based on people’s behaviors. Analysts designed algorithms to uncover underlying emotions in Twitter and Facebook posts. Programs also can read emotions in facial expressions captured on surveillance cameras. Tesco supermarkets experimented with surveillance systems that interpret customers’ moods and show display ads appropriate to each customer’s state of mind.

Society may realize Bentham’s dream of discovering how to stimulate measurable increases in happiness, but then society itself would become a laboratory where policy makers access enormous stores of psychological data. An ominous indication of the future came in 2014, when Facebook revealed the results of an “emotional contagion” experiment in which the company tried to regulate users’ moods by secretly modifying their newsfeeds.

### **Consequences**

The drive to cultivate happiness focuses on seeing people as damaged entities in need of repair. It ignores the context in which individual unhappiness arose, disregarding whether the emotion is a reasonable response to a condition of people’s lives. The medicalized view of the mind may contribute to this problem. Many psychologists describe the link between mental illness and feelings of disempowerment. Perhaps the view of the mind as a broken thing to fix with behavioral treatment or pharmaceutical intervention encourages the passivity associated with being disempowered. To address this sense of being powerless, society must face the “social, political and economic institutions” that cause it.

### **Alternatives**

*themselves in a state of optimal psychosomatic fitness.”*

*“The only escape from a manager who wants to be your friend is to become physically ill.”*

Research traditions try to incorporate the context of people's lives into how they are treated for depression and disengagement. The “community psychology” tradition, for instance, tries to understand individuals within the context of their society. Some clinical psychologists also explore sociological and political influences on emotion. Throughout the history of capitalism, these sociological perspectives have inspired movements to reform social and economic institutions. Challenging the status quo is difficult, and the focus of such campaigns tends to eventually shift to changing people's experience of the status quo.

To address the happiness deficit effectively, people need to feel that they have the agency and empowerment to speak for themselves, to state what they like or dislike about their jobs, and to stop relying on experts' measurements to explicate their feelings. For that to happen, powerful people would have to hear criticism without labeling it as a symptom of unhappiness and trying to cure it. In fact, seeing criticism or complaining “as a form of ‘unhappiness’ or ‘displeasure’ is to bluntly misunderstand what those terms mean, or what it means to experience and exercise them.”

To create alternatives, society should “de-medicalize” misery. As psychiatrists and clinical psychologists know, the problem of unhappiness doesn't originate within people apart from the context of their lives. Society should redirect some expenditures from the happiness budget and use those resources, instead, to re-engineer the structure of political and economic institutions.

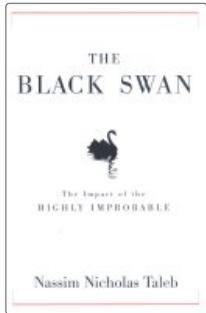
For instance, you could reshape the structure of your business, dropping the hierarchy in favor of “cooperative control.” When employees have input into their work, they don't need happiness exercises to appreciate their own worth.

## About the Author

Political economist **William Davies** is a senior lecturer at Goldsmiths, University of London, where he is co-director of the Political Economy Research Center. He has written for *The Atlantic*, *The New York Times* and *The New Statesman*.

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Book

## The Black Swan

The Impact of the Highly Improbable

Nassim Nicholas Taleb  
 Random House, 2007  
[Buy the book](#)



### Rating (?)

**10**

8 Applicability  
 10 Innovation  
 10 Style

### Recommendation

According to critic Harold Bloom, Hamlet's predicament is not "that he thinks too much" but rather that "he thinks too well," being ultimately "unable to rest in illusions of any kind." The same could be said for philosopher, essayist and trader Nassim Nicholas Taleb, who finds something rotten in misguided yet supremely confident investment gurus, traders, hedge fund managers, Wall Street bankers, M.B.A.s, CEOs, Nobel-winning economists and others who claim that they can predict the future and explain the past. Like everyone else, says Taleb, these so-called "experts" fail to appreciate "black swans": highly consequential but unlikely events that render predictions and standard explanations worse than worthless. Taleb's style is personal and literary, but his heterodox insights are rigorous (if sometimes jolted by authorial filigree). This combination makes for a thrilling, disturbing, contentious and unforgettable book on chance and randomness. While Taleb offers strong medicine some readers may find too bitter at times, *getAbstract* prescribes it to anyone who wants a powerful inoculation against gullibility.

### In this summary, you will learn

- Why highly significant yet unpredictable events, called "black swans," are underappreciated
- Why people continually see misleading patterns in data
- How to embrace randomness and come to terms with black swans

### Take-Aways

- "Black swans" are highly consequential but unlikely events that are easily explainable – but only in retrospect.
- Black swans have shaped the history of technology, science, business and culture.
- As the world gets more connected, black swans are becoming more consequential.
- The human mind is subject to numerous blind spots, illusions and biases.
- One of the most pernicious biases is misusing standard statistical tools, such as the "bell curve," that ignore black swans.

- Other statistical tools, such as the "power-law distribution," are far better at modeling many important phenomena.
- Expert advice is often useless.
- Most forecasting is pseudoscience.
- You can retrain yourself to overcome your cognitive biases and to appreciate randomness. But it's not easy.
- You can hedge against negative black swans while benefiting from positive ones.

## Summary

*"The modern world...is dominated by rare – very rare – events."*

*"We respect what has happened, ignoring what could have happened."*

*"We humans are an extremely lucky species, and...we got the genes of the risk takers. The foolish risk takers, that is."*

### When All Swans Were White

Before 1697, teachers confidently taught European schoolchildren that all swans were white. They had little reason to think otherwise, since every swan ever examined had the same snowy plumage. But then Dutch explorer Willem de Vlamingh landed in Australia. Among the many unlikely creatures down under – odd, hopping marsupials called kangaroos, furry duck-billed platypuses, teddy bear-like koalas – Vlamingh found dark feathered birds that looked remarkably like swans. Black swans? Indeed. Once observed, they were as unmistakable as they had been unimaginable, and they forced Europeans to revise forever their concept of "swan." In time, black swans came to seem ordinary.

This pattern is common. Just because you haven't seen a black swan, doesn't mean that there are no black swans. Unlikely events seem impossible when they lie in the unknown or in the future. But after they happen, people assimilate them into their conception of the world. The extraordinary becomes ordinary, and "experts" such as policy pundits and market prognosticators kick themselves because they didn't predict the (now seemingly obvious) occurrence of the (then) unlikely event. Think of the advent of World Wars I and II, the terrorist attacks of 9/11, the popping of the 1990s Internet stock bubble, or world-changing inventions like the internal combustion engine, the personal computer and the Internet. Cultural fads like the Harry Potter books are the same. These events and inventions came out of nowhere, yet in hindsight they seem almost inevitable. Why?

The human mind is wonderful at simplifying the onslaught of today's "booming, buzzing confusion" of data. This makes perfect sense: After all, the brain is the product of evolution, which works with what it has, and so it has not crafted some new, ideal cognitive mechanism. The human brain is a marvel, but it is built for living in hunter-gatherer groups on the African savannah 200,000 years ago. Then, it just needed to be good enough to allow humans to survive until they reached reproductive age. Simplifications, mental schemas, heuristics, biases, self-deception – these are not "bugs" in the cognitive system, but useful features that allow the human mind to concentrate on the task at hand and not get overwhelmed by a literally infinite amount of data. But human simplifying mechanisms are not without their costs. Take stories, for example.

### The Narrative Fallacy

Stories help people remember and make sense of the past. Think of a typical business magazine profile of a successful businessman. The story begins in the present, after he has become rich beyond his wildest dreams. The story then cuts back to his humble beginnings. He started with nothing and wanted to get rich (in terms of story structure, his "dramatic need"). He faced obstacle after obstacle (perhaps he had a rival – the "antagonist"). But he made shrewd decisions and flouted the wisdom of the Cassandra who counseled caution ("Idiots!"). As success built on success, he amassed a fortune. He retired early, married a model

*"We like stories, we like to summarize, and we like to simplify, i.e., to reduce the dimension of matters."*

*"Now, I do not disagree with those recommending the use of a narrative to get attention...It is just that narrative can be lethal when used in the wrong places."*

*"Notice that close to two centuries ago people had an idealized opinion of their own past, just as we have an idealized opinion of today's past."*

*"I know that history is going to be dominated by an improbable event, I just don't know what that event will be."*

and now has brilliant children who play Chopin blindfolded and will all attend Ivy League colleges. His virtues will be extolled in a B-School case study. Wide-eyed M.B.A. students will sit rapt at his feet when he visits their schools on a lecture tour promoting his latest book. He is a superman, an inspiration.

Now consider an alternative hypothesis: He got lucky. His putative "virtues" had nothing to do with his success. He is, essentially, a lottery winner. The public looks at his life and concocts a story about how brilliant he was, when, in fact, he was merely at the right place at the right time. This is the "ludic fallacy" (ludus means game in Latin): People underestimate luck in life – though they ironically overestimate it in certain games of "chance." Even the businessman himself falls victim to flawed thinking through the self-sampling bias. He looks at himself, a sample of one, and draws a sweeping conclusion, such as, "If I can do it, anyone can!" Notice that the same reasoning would apply had he merely bought a winning lottery ticket. "I'm a genius for picking 3293927! Those long odds didn't mean a darn thing. I mean, after all, I won didn't I!"

Not all success is luck. In some professions, skill matters (for example, if you are a dentist), but luck dominates in others. In the case of the inspiring businessman, consider his population cohort. Where are all the similarly situated people who started out like him and have the same attributes? Are they also rich? Or homeless? Usually you can't find this sort of "silent" disconfirming evidence. Artistic success provides a perfect illustration. While Balzac is famous now, perhaps countless other equally talented writers were producing comparable work at the same time. Yet their writings are lost to posterity because they did not succeed. Their "failure" hides the evidence that would undercut Balzac's "success" as a uniquely great writer. The evidence is silent, lost in the graveyard of history.

The mind uses many more simplifying schemas that can lead to error. Once people have theories, they seek confirming evidence; this is called "confirmation bias." They fall victim to "epistemic arrogance," becoming overconfident about their ideas and failing to account for randomness. To make their theories work, people "smooth out" the "jumps" in a time series or historical sequence, looking for and finding patterns that are not there. Their conceptual categories will limit what they see; this is called "tunneling." They turn to "experts" for help, but often these expert opinions are no better – and often they are worse – than the "insights" gained from flipping a coin or hiring a trained chimp to throw darts at the stock listings. Worst of all, people steadily fail to consider "black swans," the highly consequential rare events that drive history.

### **"Mediocristan" or "Extremistan?"**

So the human mind tends to smooth away the rough features of reality. Does this matter? It can matter, and a lot, depending on whether you're in "Mediocristan" or "Extremistan." Where are these strange places? Nowhere. They are actually memorable metaphors for remembering two wildly different classes of natural phenomena. Mediocristan refers to phenomena you could describe with standard statistical concepts, like the Gaussian distribution, known as the "bell curve." Extremistan refers to phenomena where a single, curve-distorting event or person can radically skew the distribution. Imagine citing Bill Gates in a comparison of executive incomes.

To understand the difference, think about human height versus movie ticket sales. While a sample of human beings may contain some very tall people (perhaps someone eight feet tall) and some very short people (perhaps someone two feet tall), you wouldn't find anyone 3,000 feet tall or an inch tall. Nature limits the heights in the sample. Now consider movie ticket sales. One hit movie can have sales that exceed the median value by such a radical extent that modeling the sample with a Gaussian curve is misleading – thereby rendering the notion of "median value" meaningless. You'd be better off using a different kind of curve for

*"Prediction, not narration, is the real test of our understanding of the world."*

*"I find it scandalous that in spite of the empirical record we continue to project into the future as if we were good at it, using tools and methods that exclude rare events."*

*"What matters is not how often you are right, but how large your cumulative errors are."*

*"Put yourself in situations where favorable consequences are much larger than unfavorable ones."*

*"We misunderstand the logic of large deviations"*

such data, for instance, the "power law" curve from the work of Vilfredo Pareto (of 80/20 "law" fame). In a power law-modeled distribution, extreme events are not treated as outliers. In fact, they determine the shape of the curve.

Social phenomena are impossible to model with the Gaussian normal distribution because these phenomena exhibit "social contagion," that is, abundant feedback loops. For instance, one reason you want to see a hit movie is that everyone else has seen it and is talking about it. It becomes a cultural event that you don't want to miss. And neither does anyone else. In these situations, the "rich get richer": The hit film gets increasingly popular because of its popularity until some arbitrarily large number of people have seen it. And speaking of rich, wealth follows this pattern, too. The extremely wealthy are not just a little bit wealthier than normal rich people; they are so much wealthier that they skew the distribution. If you and Bill Gates share a cab, the average wealth in the cab can be north of \$25 billion dollars. But the distribution is not bell shaped. When this happens, odds are you're no longer in Kansas. You're in Extremistan.

### **Phony Forecasting (or Nerds and Herds)**

Extremistan might not be so bad if you could predict when outliers would occur and what their magnitude might be. But no one can do this precisely. Consider hit movies. Screenwriter William Goldman is famous for describing the "secret" of Hollywood hits: Nobody can predict one. Similarly, no one knew whether a book by a mother on welfare about a boy magician with an odd birthmark would flop or make the author a billionaire. Stock prices are the same way. Anyone who claims to be able to predict the price of a stock or commodity years in the future is a charlatan. Yet the magazines are filled with the latest "insider" advice about what the market will do. Ditto for technology. Do you know what the "next big thing" will be? No. No one does. Prognosticators generally miss the big important events – the black swans that impel history.

Chalk these errors up to "nerds and herds." Nerds are people who can only think in terms of the tools they have been taught to use. When all you have is a hammer, everything becomes a nail. If all you have is Gaussian curves, sigma (standard deviation), and mild, ordinary randomness, you'll see bell curves everywhere and will explain away disconfirming data as "outliers," "noise" or "exogenous shocks." (The proliferation of Excel spreadsheets allowing every user to fit a regression line to any messy series of data doesn't help.) Further, humans follow the herd and look to "experts" for guidance. Yet, some domains can't have experts because the phenomena the expert is supposed to know are inherently and wildly random. Of course, this discomforting thought requires a palliative, which is to think that the world is much more orderly and uniform than it often is. This soothing belief usually serves people well. Then comes a stock market drop or 9/11 (on the downside), or Star Wars and the Internet (on the upside), and the curve is shot.

### **Befriending Black Swans**

Even given these grim facts, the world need not become, in Hamlet's words, "a sterile promontory," nor need a beautiful sky appear "a foul and pestilent congregation of vapors." You can tame, if not befriend, the black swan by cultivating some "epistemic virtues:"

- **Keep your eyes open for black swans** – Look around and realize when you are in Extremistan rather than Mediocristan. Social contagion and rich-get-richer phenomena are clues that you've just gotten off the bus in Extremistan.
- **Beliefs are "sticky," but don't get glued to them** – Revise your beliefs when confronted with contrary evidence. Dare to say, "I don't know," "I was wrong" or "It didn't work."
- **Know where you can be a fool and where you can't** – Are you trying to predict what sort of birthday cake your daughter wants? Or the price of oil in 17 years after investing your life's savings in oil futures? You can't help

*from the norm."*

*"Every morning the world appears to me more random than it did the day before, and humans seem to be even more fooled by it than they were the previous day."*

being foolish – no one can. But sometimes foolishness is dangerous, and sometimes it is benign.

- **Know that in many cases, you cannot know** – Think outside your usual, customary conceptual categories. Eliminate alternatives that you know are wrong rather than always trying to find out what is right.
- **As a forecasting period lengthens, prediction errors grow exponentially** – Suspend judgment where evidence is lacking and be wary of overly precise predictions. "Fuzzy" thinking can be more useful. Often you should focus only on consequences, not overly precise probabilities.
- **Expose yourself to "positive black swans"** – And, at the same time, hedge against negative ones. "Bet pennies to win dollars." Look for asymmetries where favorable consequences are greater than unfavorable ones. Maximize the possibilities of serendipity by, say, living in a city, and having a wide circle of diverse friends and business associates.
- **Look for the nonobvious** – Seek out disconfirming evidence for pet theories. Think, "What event would refute this theory?" rather than just stacking up confirming evidence for the sake of consistency, and turning out any evidence that contradicts your notion. In other words: Amassing confirming evidence doesn't prove a theory or a mental model.
- **Avoid dogmatism** – "De-narrate" the past and remember that stories mislead. That's the whole point: They are psychological armor against the "slings and arrows of outrageous fortune." Think for yourself. Avoid nerds and herds.

This universe, this planet and your life were highly unlikely. But they happened. Enjoy your good fortune and remember that you are a black swan.

## About the Author

**Nassim Nicholas Taleb**, a former derivatives trader, is Dean's Professor in the Sciences of Uncertainty at the University of Massachusetts and teaches at New York University's Courant Institute of Mathematical Sciences. He also wrote *Fooled by Randomness*.

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